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# BLACKJEWEL

**TO:** Participants in the Blackjewel LLC 401(k) Plan

**RE:** Plan Termination

**DATE:** August 9, 2019

This notice is to inform you that the Blackjewel LLC 401(k) Plan (the "Plan") has terminated. As a result, you are eligible to receive your Plan account now or elect to receive your Plan account in a direct rollover to an individual retirement account ("IRA") or another qualified plan. In order to help you make this decision, please find enclosed two packets. One packet is titled "Request for a Cash Distribution or Rollover", and the other packet is titled "Application for Direct Rollover to a New American Funds IRA". (Note – a total of \$85 (i.e., \$60 to Benefit Plans Services and \$25 to American Funds) in distribution fees will be deducted from your account regardless of the form you submit. These are fees charged by the service providers to process the distribution, and Blackjewel does not have any control over such fees).

If you want a cash distribution or desire to roll over your Plan account to another qualified plan or an IRA (other than to a new American Funds IRA), please complete the form titled "Request for a Cash Distribution or Rollover". If you want to rollover your Plan account to a new American Funds IRA, please complete the form titled "Application for Direct Rollover to a New American Funds IRA". Please submit your form directly to American Funds as indicated at the bottom of the form or email the form to [RKDirect@capitalgroup.com](mailto:RKDirect@capitalgroup.com). **If you do not return either form by September 13, 2019**, your Plan account will be automatically distributed in accordance with the rules outlined below.

**If you do not submit either form by September 13, 2019 and your Plan account balance is \$1,000 or more**, your account will automatically be rolled into an American Funds IRA.

**If you do not submit either form by September 13, 2019 and your Plan account balance is below \$1,000**, your account will automatically be distributed to you in the form of a check mailed to your address.

If you have any questions about completing the forms, please feel free to contact American Funds at 1-800-421-4120. You should remember to contact American Funds at 1-800-421-6019 if your address changes after you submit the form.



**CAPITAL GROUP® | AMERICAN FUNDS®**

RecordkeeperDirect®  
**Request for a  
Cash Distribution or Rollover**

- Notes:**
- Please call your former employer to learn how to pay back an outstanding loan prior to submitting this form. If you do not pay off your loan balance, the outstanding balance of the loan will be offset and a Form 1099-R will be generated.
  - Before you complete this form, make sure that your new employer's plan will accept rollovers.
  - For the plan name and ID, refer to your most recent statement, contact your former employer's benefits representative or call the American Funds IRA Rollover Center at (800) 421-9923.

**BLACKJEWEL LLC**

**IRK91149**

Plan name

Plan ID number

# 1 Information about you

Please type or print clearly.

**important:** Distribution requests are subject to a 10-day hold after an address change unless your signature is guaranteed in Section 9.

First name of participant (print)

MI

Last

SSN (provide the last four digits)

Address

City

State

ZIP

( )

Daytime phone

**Citizenship:** ☐ U.S. citizen ☐ U.S. resident alien ☐ Nonresident alien (Submit an IRS Form W-8BEN.)

# 2 Distribution instructions

Please read the attached 402(f) Notice of Special Tax Rules on Distributions before completing this section. The IRS requires that 20% of any eligible rollover cash distribution be withheld for federal income tax. If you are taking a distribution prior to age 59½, you may also be subject to a 10% penalty tax. American Funds deducts a \$25 processing fee from all distributions. Additional fees from your plan administrator may apply — see your Participant Fee Disclosure document for more information. Distribution amounts are taken proportionally from all investment options in applicable contribution types.

- Notes:**
- Rollovers invested in Class A shares are generally subject to applicable sales charges. Assets rolled over from your retirement plan to an American Funds IRA with CB&T as custodian will be invested without a sales charge.
  - Roth assets can only be rolled over to another designated Roth account or to a Roth IRA.
  - The amount paid to you will be reduced first by applicable distribution fees, then by applicable taxes. If distribution fees exceed your available account balance at the time the distribution is processed, you will not receive a distribution check.

**A. Effective date of your separation from service (including retirement)** \_\_\_\_\_ If this distribution is a result of plan termination, no date is required.  
(mm/dd/yyyy)

**B. Instructions** (Select one of the three options listed below.)

1. ☐ **Cash distribution** (Select one of the following two options, then proceed to Section 3.)

☐ Entire account balance ☐ Partial\* gross (pre-withholding amount) distribution of \$ \_\_\_\_\_

2. ☐ **Rollover to an existing IRA or another retirement plan** (Select one of the following two options, then proceed to Section 4 or 5.)

☐ Entire account balance ☐ Partial\* rollover of \$ \_\_\_\_\_

3. ☐ **Combination of cash distribution and rollover** (Select one of the following two options, then proceed to Section 3.)

☐ Gross (pre-withholding amount) distribution of \$ \_\_\_\_\_ The remainder will be rolled over.

☐ Roll over \$ \_\_\_\_\_ The remainder balance will be paid in a cash distribution.

\*If your account contains both pre-tax and after-tax assets and you are electing a partial cash distribution, assets will be taken proportionately from all contribution types (unless alternate instructions are provided). When Roth assets are rolled over or distributed, both contributions and earnings will be included.

### 3 Delivery instructions — For cash distribution

Select A or B. If no selection is made, a distribution check will be sent to you via regular mail.

- A. ☐ Send the distribution electronically (via ACH) to the bank information provided in Section 7. (This option is not available for nonresident alien distributions.)

**Note:** ACH requests are subject to a 10-day hold, unless your signature is guaranteed in Section 9. Once processed, the distribution will be delivered to your bank within three business days following the transaction.

- B. ☐ Mail a check directly to: ☐ Participant ☐ Plan Sponsor ☐ Third-Party Administrator

☐ Send a check to the address of record via regular mail.

☐ Send a check to the address of record and expedite delivery. Estimated delivery time is two business days from the date the request is processed. (A \$25 delivery fee will be deducted. Physical address is required — **no P.O. boxes.**)

### 4 Rollover instructions — Direct rollover to an existing American Funds IRA

**A. Select receiving account type:**

☐ Traditional IRA ☐ Roth IRA ☐ SIMPLE IRA Existing account number \_\_\_\_\_

**NOTE:** At the time of the rollover to an American Funds IRA, your retirement plan assets will automatically be converted to Class A shares at Net Asset Value (NAV) (no sales charge).

**B. Investment instructions**

For a quick guide to fund names, numbers, minimums and share class restrictions, go to [www.americanfunds.com/fundguide](http://www.americanfunds.com/fundguide). If a fund is not selected, this investment will be placed in the money market fund.

☐ Roll over to the same American Funds and percentages as currently invested.

**Note:** This option is **NOT** available if the account currently holds any non-American Funds investments.

**OR**

☐ Roll over to the following funds:

Full fund name or number	Percentage
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
<b>Total rollover</b>	<b>_____ %</b>



## 5 Rollover instructions — Direct rollover to a non-American Funds IRA or retirement plan

**NOTE:** You must have an existing IRA with your new trustee for your rollover assets to be deposited. If you are rolling over to your new employer's retirement plan, make sure it will accept the rollover before submitting the request.

A. Select receiving account type: ☐ Traditional IRA ☐ Roth IRA ☐ SIMPLE IRA ☐ Retirement plan

B. Make the check payable to:

Name of financial institution/payee

Account number or if applicable, plan ID number

C. Mail the rollover check directly to:

☐ Participant ☐ Plan Sponsor ☐ Third-Party Administrator ☐ Other financial institution (Provide information below.)

Name of financial institution

Address

City

State

ZIP

D. Expedite delivery — optional: ☐ Check this box to expedite delivery. (A \$25 delivery fee will be deducted.)

Estimated delivery time is two business days from the date the request is processed. Physical address is required — no P.O. boxes.

## 6 Participants over age 70½ — Required Minimum Distribution (RMD)

If you are 70½ or over this year and are requesting a rollover, complete this section.

**Notes:** • RMDs cannot be converted to a Roth account.

• American Funds calculates your RMD using the prior year's December 31 balance of plan assets held on our recordkeeping system.

### A. RMD Instructions

- ☐ I have already taken my RMD for the year. **Proceed to Section 7.**
- ☐ Calculate and remove my RMD using the IRS Uniform Lifetime Table.
- ☐ Calculate and remove my RMD using the IRS Joint Life and Last Survivor Expectancy Table. (Select only if your spouse is your sole beneficiary and is more than 10 years younger.)

Spouse's name

Spouse's date of birth (mm/dd/yyyy)

Spouse's SSN

### B. Delivery instructions

- ☐ Send the distribution electronically (via ACH) to the bank information provided in Section 7. (This option is not available for nonresident alien distributions.)

**Note:** ACH requests are subject to a 10-day hold, unless your signature is guaranteed in Section 9. Once processed, the distribution will be delivered to your bank within three business days following the transaction.

- ☐ Mail a check directly to me at the address of record.

Continued on next page



## 6 Participants over age 70½ — Required Minimum Distribution (RMD) (continued)

### C. Federal income tax withholding

The taxable amount of the RMD, including earnings applicable to after-tax contributions, will be subject to 10% withholding unless otherwise indicated below.

**Note:** You may withhold more than 10%. Insufficient withholding or underpayment of estimated taxes may result in IRS penalties. Taxes are withheld from the total amount requested. A portion of your Roth distribution may be taxable.

☐ **DO NOT withhold** federal or state income taxes. Your U.S. residence address is required to honor this request (no P.O. boxes).

Residence Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

☐ **Withhold** federal income tax at the rate of \_\_\_\_\_% (Must be 10% or greater)

### D. State income tax withholding

If your state requires withholding or if the amount below is less than the minimum for your state, Capital Bank and Trust Company<sup>SM</sup> (CB&T) will withhold at least the minimum state tax regardless of your election below. CB&T does not withhold state taxes for all states.

☐ **DO NOT withhold** ☐ **Withhold \$** \_\_\_\_\_

**Note:** To review the impacts of state withholding for your state of residence, visit [www.americanfunds.com/retire](http://www.americanfunds.com/retire) or speak with your tax advisor. For residents of MI, to opt out of state taxes or to request a reduced withholding rate, a Form MI W-4P is required. For residents of CT and NC, to opt out or to request additional withholding, a state-specific 4P form is required. These forms must be completed and provided to the employer sponsoring the plan.

## 7 Bank information — Complete only if requesting electronic deposit Electronic distributions can only be made to a U.S. bank checking account.

Attach an unsigned, voided check below. Please **do not** staple.

The check must be preprinted with the bank name and registration, routing number and account number. The participant's name **MUST** be included in the bank registration. **If these requirements are not met, a physical check will be generated instead.**

Tape your check here.

John Doe

DATE \_\_\_\_\_

Bank account registration

PAY TO THE ORDER OF \_\_\_\_\_

\$ \_\_\_\_\_

DOLLARS

Anytown Bank

← Bank name

⌋ : 99999999 ⌋ :  
Bank routing number

0000000000 ⌋ :  
Bank account number

VOID

**Note:** In lieu of a voided check, you may submit a letter from your bank on the bank's letterhead providing the:

- \* bank account registration
- \* routing number
- \* account number



## 8 Tax withholding elections

### A. Federal income tax withholding

**Note:** Any distribution that is an eligible rollover distribution and is paid to you rather than directly rolled over to an IRA or into an employer's plan is subject to 20% withholding. If you are under age 59½, you may be subject to an additional 10% penalty tax.

1. ☐ This is a rollover request, for which withholding does not apply.
2. ☐ This distribution includes pre-tax assets being paid out as cash and is therefore subject to the mandatory 20% withholding. To request a different withholding amount, please indicate the percentage below:

Withhold federal income taxes at the total rate of \_\_\_\_\_% (Must be 20% or greater)

3. ☐ This distribution represents a rollover of pre-tax assets to a Roth IRA. No withholding will be taken unless an election is indicated below:

Withhold federal income taxes at the total rate of \_\_\_\_\_% (Must be 10% or greater)

4. ☐ This distribution represents a total annual aggregate distribution of less than \$200 and is therefore subject to 20% withholding unless otherwise elected here. ☐ **DO NOT** withhold federal income tax.

### B. State income tax withholding\*

If your state requires withholding or if the amount below is less than the minimum for your state, CB&T will withhold at least the minimum state tax regardless of your election below. CB&T does not withhold state taxes for all states.

☐ **DO NOT** withhold    ☐ Withhold \$ \_\_\_\_\_

\* This option may not be available for your state. To review the impacts of state withholding for your state of residence, visit [www.americanfunds.com/retire](http://www.americanfunds.com/retire), or speak with your tax advisor. For residents of MI, to opt out of state taxes or to request a reduced withholding rate, a Form MI W-4P is required. For residents of CT and NC, to opt out or to request additional withholding, a state-specific 4P form is required. These forms must be completed and provided to the employer sponsoring the plan.



## 9 Your consent and signature

I hereby acknowledge that the employer has informed me of the options available under the plan, that I have received and read the *402(f) Notice of Special Tax Rules on Distributions* and that I understand I have 30 days to decide whether to elect a direct rollover or have my benefits paid to me. I waive the 30-day waiting period by making this irrevocable election indicated in Section 2, and I understand that by making such election, if my retirement plan includes a Qualified Joint and Survivor Annuity option (QJSA), I irrevocably waive such QJSA. I understand that, if I am married, my spouse must consent to the waiver, and I further understand that my benefits may not be distributed to me for at least seven (7) days after I sign this request.

**X**

Signature of participant

Date      /      /       
(mm/dd/yyyy)

This document may not be signed using Adobe Acrobat Reader's "fill and sign" feature.

**A signature guarantee is required if requesting an immediate distribution and:**

- your address has changed in the last 10 calendar days

**OR**

- proceeds will be sent to a bank account via ACH.

If your request meets the criteria above and a signature guarantee is **NOT** provided, the distribution is subject to a 10-day hold.

**GUARANTOR:**

Stamp signature guarantee or medallion guarantee here.

If **required**, a signature guarantee must be performed by a bank, savings association, credit union, member firm of a domestic stock exchange or the Financial Industry Regulatory Authority that is an eligible guarantor institution. A notary public is **NOT** an acceptable guarantor. The guarantee must be in the form of a stamp or a typewritten or handwritten guarantee that is accompanied by a raised corporate seal.

**Note:** A medallion guarantee is acceptable in place of a signature guarantee.

### Next Steps

1. You will need to provide the completed and signed form to your former employer for authorization.
2. Contact your former employer for any spousal consent form that may be needed for the QJSA waiver (see Section 9 above).
3. Your former employer will authorize the distribution of assets and work with the TPA to verify the vesting.
4. Once the application is authorized and all appropriate signatures collected, the form will be sent by your former employer or the plan's TPA to American Funds for processing.

**DO NOT** mail or fax this form directly to American Funds unless all authorizations and signatures have been collected because this may delay the processing of your request.

If you have questions or require more information, please contact your financial professional or call the American Funds IRA Rollover Center at (800) 421-9923 to speak with a Rollover Specialist.



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RecordkeeperDirect  
**Request for a  
Cash Distribution or Rollover**

First name (print) \_\_\_\_\_ MI \_\_\_\_\_ Last \_\_\_\_\_ Plan ID number \_\_\_\_\_

**Section 10 is to be completed by the TPA**

**10 Vested percentage**

*Please supply the following information. The information provided will apply to this distribution request only.*

☐ Participant is 100% vested in all contribution types **OR** ☐ Variable vesting (see below)

Match \_\_\_\_\_% Profit-sharing \_\_\_\_\_% Other \_\_\_\_\_%  
Specify contribution type

**Note:** All forfeited amounts will automatically be transferred to the plan's forfeiture account.

Distribution amounts are taken proportionately from all applicable contribution types (per plan information on file) unless alternate instructions are provided below.

**The information reflected above is correct.**

Name of firm \_\_\_\_\_

( ) \_\_\_\_\_ Ext. \_\_\_\_\_  
Daytime phone

Name of Third-Party Administrator (print) \_\_\_\_\_

**X** \_\_\_\_\_  
Signature of Third-Party Administrator

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date (mm/dd/yyyy)

**Section 11 is to be completed by your former employer**

**11 Employer authorization**

*Be sure to review the boxes below and select all that apply.*

As plan trustee or authorized signer of the plan, I certify that: **1)** I have read, understand and agree to all pages of this *Request for Cash Distribution or Rollover*; **2)** this distribution is in accordance with the terms of the plan; **3)** the plan administrator has provided the participant with a *402(f) Notice of Special Tax Rules on Distributions* and has complied with any Internal Revenue Service and Department of Labor or other notice requirements that are applicable to this distribution; **4)** spousal consent, if applicable, has been obtained; **5)** the information provided in Section 10 is correct; **6)** I understand that once a payment has been requested, it cannot be changed or reversed; and **7)** the recordkeeper is entitled to rely on my authorization and is hereby indemnified from all liability arising from following the instructions provided on this form.

☐ Check this box if the request is to be honored because the appropriate participant's consent and waivers have been obtained on a separate form or are not required per plan rules, and the participant has been notified of potential delays due to an address change and/or an ACH payment.

**Important:** If this form is being submitted as part of the employer's termination of services with RecordkeeperDirect, check this box. ☐

Name of plan trustee or authorized signer (print) \_\_\_\_\_

**X** \_\_\_\_\_  
Signature of plan trustee or authorized signer

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date (mm/dd/yyyy)

This document may not be signed using Adobe Acrobat Reader's "fill and sign" feature.

**Send**

If a participant signature guarantee is **NOT** required, you may fax this completed form to **(855) 521-9952**; otherwise, mail it to the address below.

**American Funds RecordkeeperDirect**  
c/o Retirement Plan Services

**Regular mail**  
P.O. Box 6040  
Indianapolis, IN 46206-6040

**Overnight mail**  
12711 N. Meridian St.  
Carmel, IN 46032-9181





### Your rollover options

You are receiving this notice because all or a portion of a payment you are receiving from your retirement plan (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This section of the notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account with special tax rules in some employer plans). If you also receive a payment from a designated Roth account in the Plan, read the section of the notice entitled "General information for payments from a designated Roth account." The Plan administrator will tell you the amount that is being paid from each account.

Rules that apply to most payments from a plan are described in the general information sections. Special rules that only apply in certain circumstances are described in the "Special rules and options" section.

### General information for payments NOT from a designated Roth account

#### Q. How can a rollover affect my taxes?

- A. You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½), unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

#### Q. What types of retirement accounts and plans may accept my rollover?

- A. You may roll over the payment to either a traditional or Roth IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

#### Q. How do I do a rollover?

- A. There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

#### Q. How much may I roll over?

- A. If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- \* Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- \* Required minimum distributions after age 70½ (or after death);
- \* Hardship distributions;
- \* ESOP dividends;
- \* Corrective distributions of contributions that exceed tax law limitations;

- \* Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends);
- \* Cost of life insurance paid by the Plan;
- \* Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution; and
- \* Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

The Plan administrator can tell you what portion of a payment is eligible for rollover.

#### Q. If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

- A. If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- \* Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- \* Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- \* Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- \* Payments made due to disability;
- \* Payments after your death;
- \* Payments of ESOP dividends;
- \* Corrective distributions of contributions that exceed tax law limitations;
- \* Cost of life insurance paid by the Plan;
- \* Payments made directly to the government to satisfy a federal tax levy;
- \* Payments made under a qualified domestic relations order (QDRO);
- \* Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- \* Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001, for more than 179 days;
- \* Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution;
- \* Payments for certain distributions relating to certain federally declared disasters; and
- \* Phased retirement payments made to federal employees.

#### Q. If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

- A. If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:
- \* The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply.
  - \* The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).



- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

**Q. Will I owe State income taxes?**

- A. This notice does not describe any State or local income tax rules (including withholding rules).

**General information for payments from a designated Roth account**

**Q. How can a rollover affect my taxes?**

- A. After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account.

If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the earnings in the payment. If you are under age 59½, a 10% additional income tax on early distributions (generally, distributions made before age 59½) will also apply to the earnings (unless an exception applies). However, if you do a rollover, you will not have to pay taxes currently on the earnings and you will not have to pay taxes later on payments that are qualified distributions.

If the payment from the Plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

A qualified distribution from a designated Roth account in the Plan is a payment made after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan, your participation will count from January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

**Q. What types of retirement accounts and plans may accept my rollover?**

- A. You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth account in an employer plan (a tax-qualified plan, section 403(b) plan or governmental section 457 plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, no spousal consent rules apply to Roth IRAs and Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:
- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
  - If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
  - Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

**Q. How do I do a rollover?**

- A. There are two ways to do a rollover. You can either do a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your Roth IRA or designated Roth account in an employer plan. You should contact the Roth IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit (generally within 60 days) into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not roll over an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings not rolled over, including the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you at the same time, the portion directly rolled over consists first of earnings.

If you do not do a direct rollover and the payment is not a qualified distribution, the Plan is required to withhold 20% of the earnings for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover to a Roth IRA, you must use other funds to make up for the 20% withheld.

**Q. How much may I roll over?**

- A. See "How much may I roll over?" on the first page of this notice. The Plan administrator can tell you what portion of a payment is eligible for rollover.

**Q. If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?**

- A. If a payment is not a qualified distribution and you are under age 59½, you will have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over (including amounts withheld for income tax), unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the earnings not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Payments of ESOP dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Cost of life insurance paid by the Plan;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001, for more than 179 days;
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution; and
- Payments for certain distributions relating to certain federally declared disasters.



**Q. If I do a rollover to a Roth IRA, will the 10% additional income tax apply to early distributions from the IRA?**

- A.** If you receive a payment from a Roth IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the earnings paid from the Roth IRA, unless an exception applies or the payment is a qualified distribution. In general, the exceptions to the 10% additional income tax for early distributions from a Roth IRA listed above are the same as the exceptions for early distributions from a plan. However, there are a few differences for payments from a Roth IRA, including:
- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply.
  - The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to a Roth IRA of a spouse or former spouse).
  - The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
  - There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

**Q. Will I owe State income taxes?**

- A.** This notice does not describe any State or local income tax rules (including withholding rules).

**Special rules and options**

**If your payment includes after-tax contributions (applies to payments not from a designated Roth account)**

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In this case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not directly rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

**If you miss the 60-day rollover deadline (applies to all payments)**

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

**If your payment includes employer stock that you do not roll over (applies to payments not from a designated Roth account)**

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or employer plan.

The Plan administrator can tell you the amount of any net unrealized appreciation.

**If your payment includes employer stock that you do not roll over (applies to payments from a designated Roth account)**

If you receive a payment that is not a qualified distribution and you do not roll it over, you can apply a special rule to payments of employer stock (or other employer securities) that are paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock included in the earnings in the payment will not be taxed when distributed to you from the Plan and will be taxed at capital gain rates when you sell the stock. If you do a rollover to a Roth IRA for a nonqualified distribution that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the distribution), you will not have any taxable income and the special rule relating to the distributed employer stock will not apply to any subsequent payments from the Roth IRA or employer plan. Net unrealized appreciation is generally the increase in the value of the employer stock after it was acquired by the Plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

If you receive a payment that is a qualified distribution that includes employer stock and you do not roll it over, your basis in the stock (used to determine gain or loss when you later sell the stock) will equal the fair market value of the stock at the time of the payment from the Plan.

**If you have an outstanding loan that is being offset (applies to all payments)**

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the outstanding amount of the loan, typically when your employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. Any offset amount that is not rolled over will be taxed (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over offset amounts to an IRA or an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers).

If the loan offset amount is applied to your designated Roth account, and, the resulting distribution is a nonqualified distribution, and, you do not roll over the offset amount, you will be taxed on any earnings included in the distribution (including the 10% additional income tax on early distributions, unless an exception applies). You may roll over the earnings included in the loan offset to a Roth IRA or designated Roth account in an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers). You may also roll over the full amount of the offset to a Roth IRA.

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason, then you have 60 days from the date the offset occurs to complete your rollover.



**If you were born on or before January 1, 1936 (applies to all payments)**

If you were born on or before January 1, 1936, and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. The same rules apply if your distribution includes payment from a designated Roth account that is not a qualified distribution. For more information, see IRS Publication 575, *Pension and Annuity Income*.

**If your payment is from a governmental section 457(b) plan (applies to payments not from a designated Roth account)**

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences include that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.

**If your payment is from a governmental section 457(b) plan (applies to payment from a designated Roth account)**

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you receive a payment that is not a qualified distribution and you do not roll it over, you will not have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over, even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution that is not a qualified distribution made before age 59½ will be subject to the 10% additional income tax on earnings allocated to the payment (unless an exception applies). Other differences include that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.

**If you are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance (applies to all payments)**

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

The same rules apply if you receive a nonqualified distribution from a designated Roth account. If you are a public safety officer, you can exclude from your taxable income nonqualified distributions paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually.

**If you roll over your payment to a Roth IRA (applies to payments not from a designated Roth account)**

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first

contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)* and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

**If you do a rollover to a designated Roth account in the Plan (applies to payments not from a designated Roth account and only if the plan accepts "in-plan" Roth rollovers)**

You cannot roll over a distribution to a designated Roth account in another employer's plan. However, you can roll the distribution over into a designated Roth account in the distributing Plan. If you roll over a payment from the Plan to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. However, the 10% additional tax on early distributions will not apply (unless you take the amount rolled over out of the designated Roth account within the 5-year period that begins on January 1 of the year of the rollover). For payments from the plan in 2010 that are rolled over to a designated Roth account in the Plan (and that are not distributed from that account until after 2011), the taxable amount of the rollover will be taxed half in 2011 and half in 2012, unless you elect to be taxed in 2010.

If you roll over the payment to a designated Roth account in this Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you attain age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for a period of at least 5 years. The 5-year period described in the preceding sentence begins on January 1 of the year your first contribution was made to the designated Roth account. However, if you made a direct rollover to a designated Roth account in this Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year your first contribution was made to the designated Roth account in this Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent allocable to earnings after the rollover, including the 10% additional tax on early distributions (unless an exception applies).

**IMPORTANT:** Please note that an in-plan rollover into a designated Roth account is an irrevocable transaction that cannot be changed or undone once the transaction is completed.

**If you are not a Plan participant (applies to all payments)**

• **Payments after death of the participant**

If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. If the distribution includes payment from a designated Roth account, then whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the Plan.

The 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

– **If you are a surviving spouse**

If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.



If the distribution includes payment from a designated Roth account, and you choose to do a rollover to a Roth IRA, you may treat the Roth IRA as your own or as an inherited Roth IRA.

A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10% additional income tax on early distributions. An inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions from the Plan, you will have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have been age 70½.

– **If you are a surviving beneficiary other than a spouse**

If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

If the distribution includes payment from a designated Roth account, the only rollover option you have is to do a direct rollover to an inherited Roth IRA. Payments from the inherited Roth IRA, even if made in a nonqualified distribution, will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited Roth IRA.

\* **Payments under a qualified domestic relations order**

If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options and the same tax treatment that the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it, or, you may rollover the payment as described in this notice for a payment from a designated Roth account). However, payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

**If you are a nonresident alien (applies to payments not from a designated Roth account)**

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

**Other special rules (applies to payments not from a designated Roth account)**

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout of more than \$1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, visit [www.irs.gov](http://www.irs.gov).

**Other special rules (applies to payments from a designated Roth account)**

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year (only including payments from the designated Roth account in the Plan) are less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you can do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout from the designated Roth account in the Plan of more than \$1,000 will be directly rolled over to a Roth IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, visit [www.irs.gov](http://www.irs.gov).

**For more information**

You may wish to consult with the Plan administrator or a professional tax advisor before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the Web at [www.irs.gov](http://www.irs.gov), or by calling (800) TAX-FORM.



**CAPITAL GROUP\*** | **AMERICAN FUNDS\***

RecordkeeperDirect  
**Application for Direct Rollover  
to a New American Funds IRA**

Use this form to roll over your retirement plan assets to a new American Funds IRA with Capital Bank and Trust Company<sup>SM</sup> (CB&T) as Custodian. For the plan name and ID, you may refer to your most recent statement, contact your former employer's benefits representative or call the American Funds IRA Rollover Center at (800) 421-9923.

**BLACKJEWEL LLC**

**IRK91149**

Plan name

Plan ID number

## 1 Information about you

**Important:** Before an account can be established, this section must be completed and the application must be signed by the owner and the former employer. Please type or print clearly.

-   -

SSN of IRA owner

-   -

Date of birth of IRA owner (mm/dd/yyyy)

Country of citizenship

First name of IRA owner

MI

Last

Residence address (physical address required — no P.O. boxes)

City

State

ZIP

Mailing address (if different from residence address)

City

State

ZIP

Email address\*

( )  
Daytime phone

\* Your privacy is important to us. For information on our privacy policies, visit [www.americanfunds.com](http://www.americanfunds.com).

## 2 Account establishment and rollover instructions

Please read the 402(f) Notice of Special Tax Rules on Distributions (pages 8–11). American Funds deducts a \$25 processing fee from all distributions. Additional fees from your plan administrator may apply — see your Participant Fee Disclosure document for more information. When a partial amount is requested, rollover amounts will be taken proportionately from all investment options in applicable contribution types.

- Notes:**
- If establishing both a Traditional and Roth account, all elections made within this application will be used for both account types. If you intend to make different elections for each account, submit a separate application for each account type.
  - Roth assets can only be rolled over to a Roth IRA.

### A. IRA rollover election — required

Select the appropriate option(s) listed below.

1. ☐ I wish to establish a new American Funds **Traditional** IRA and roll over the assets from my retirement plan account as follows.

Select one of these three options:

☐ Entire account balance ☐ All non-Roth assets ☐ Partial amount of \$ \_\_\_\_\_

**AND/OR**

2. ☐ I wish to establish a new American Funds **Roth** IRA and roll over the assets from my retirement plan account as follows.

Select one of these three options:

☐ Entire account balance† ☐ All Roth assets ☐ Partial amount of \$ \_\_\_\_\_

†No withholding will be taken on rollovers of pre-tax assets into Roth IRAs unless otherwise requested.

**Note:** When electing to roll over Roth assets, both Roth contributions and earnings will be included.

**B. Effective date of your separation from service (including retirement)** \_\_\_\_\_  
(mm/dd/yyyy)

**Note:** For plan terminations, no date is required.



### 3 Financial professional

*This section must be filled out completely by the financial professional(s).*

We authorize American Funds Service Company (AFS) to act as our agent for this account and agree to notify AFS of purchases made under a Statement of Intention or Rights of Accumulation.

Name(s) of advisor(s) \_\_\_\_\_ Advisor/team ID number \_\_\_\_\_ Branch number \_\_\_\_\_ (     ) \_\_\_\_\_ Ext. \_\_\_\_\_  
Daytime phone \_\_\_\_\_

Branch address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Name of broker-dealer firm (as it appears on the Selling Group Agreement) \_\_\_\_\_ **X** \_\_\_\_\_  
Signature of person authorized to sign for the broker-dealer — required

### 4 Investment instructions

*For a quick guide to fund names, numbers, minimums and share class restrictions, go to [www.americanfunds.com/fundguide](http://www.americanfunds.com/fundguide). If a fund is not selected, this investment will be placed in the money market fund.*

**NOTE: At the time of the rollover, your retirement plan assets will automatically be converted to Class A shares at Net Asset Value (NAV) (no sales charge).**

☐ Roll over to the same American Funds and percentages as currently invested.

**Note:** This option is **NOT** available if the account currently holds any non-American Funds investments.

**OR**

☐ Roll over to the following funds:

Full fund name or number	Percentage
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

**Total rollover** \_\_\_\_\_ %

A one-time \$10 setup fee will be deducted from each account. There is also an annual custodian fee of \$10.



## 5 Decline telephone and website exchange and/or redemption privileges — optional

Telephone and website exchange and redemption privileges will automatically be enabled on your account unless you decline below. To decline these privileges, read the Individual statements and check the applicable box(es).

**Note:** If either option is declined, no one associated with this account, including your financial professional, will be able to request exchanges or redemptions by telephone or via the website. Requests would need to be submitted in writing.

**Exchanges:** I **DO NOT** want the option of using the telephone and website exchange privilege. ☐

**Redemptions:** I **DO NOT** want the option of using the telephone and website redemption privilege. ☐

## 6 Reducing the sales charge on Class A shares only

### Rights of Accumulation (cumulative discount)

The account owner, spouse and children under age 21 or disabled adult children with ABLE accounts can aggregate accounts to reduce sales charges. Any share classes within these accounts will contribute toward a reduced sales charge. The Social Security or account numbers on these accounts are:

## 7 Beneficiary designation

*We encourage you to consult an advisor regarding the tax-law and estate planning implications of your beneficiary designation. All stated percentages must be whole percentages (e.g., 33%, not 33.3%). If the percentages do not add up to 100%, each beneficiary's share will be based proportionately on the stated percentages. When a percentage is not indicated, the beneficiaries' shares will be divided equally.*

**Notes:** • Your spouse may need to sign in Section 9. If you wish to customize your designation or need more space, attach a separate page.

• If you name a trust as beneficiary, provide the full legal name of the trust. Example: "The Davis Family Trust."

**A. Primary Beneficiary(ies):** If any designated Primary Beneficiary(ies) dies before I do, that beneficiary's share will be divided proportionately among the surviving Primary Beneficiaries.

1.	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	_____ %
	First and last name or trust name (print)	Spouse	Nonspouse	Trust	Date of birth or trust (mm/dd/yyyy)	
	_____	_____	_____	_____	_____	_____
	Address	City	State	ZIP	SSN/TIN	
2.	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	_____ %
	First and last name or trust name (print)	Spouse	Nonspouse	Trust	Date of birth or trust (mm/dd/yyyy)	
	_____	_____	_____	_____	_____	_____
	Address	City	State	ZIP	SSN/TIN	
3.	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	_____ %
	First and last name or trust name (print)	Spouse	Nonspouse	Trust	Date of birth or trust (mm/dd/yyyy)	
	_____	_____	_____	_____	_____	_____
	Address	City	State	ZIP	SSN/TIN	

Continued on next page





## 7 Beneficiary designation

(continued)

**Important: Section 7-A must be completed prior to completing Section 7-B.**

**B. Contingent Beneficiary(ies):** If no Primary Beneficiary survives me, pay my benefits to the following Contingent Beneficiary(ies). If any designated Contingent Beneficiary(ies) dies before I do, that beneficiary's share will be divided proportionately among the surviving Contingent Beneficiaries.

1.	_____	<input type="checkbox"/> Spouse	<input type="checkbox"/> Nonspouse	<input type="checkbox"/> Trust	_____	_____ %
	First and last name or trust name (print)					Date of birth or trust (mm/dd/yyyy)
	_____	_____	_____	_____	_____	_____
	Address	City	State	ZIP	SSN/TIN	
2.	_____	<input type="checkbox"/> Spouse	<input type="checkbox"/> Nonspouse	<input type="checkbox"/> Trust	_____	_____ %
	First and last name or trust name (print)					Date of birth or trust (mm/dd/yyyy)
	_____	_____	_____	_____	_____	_____
	Address	City	State	ZIP	SSN/TIN	

## 8 Participants over age 70½ — Required Minimum Distribution (RMD)

If you are 70½ or over this year, select one of the two options below.

**Notes:** • RMDs cannot be converted to a Roth account.

• American Funds calculates your RMD using the prior year's December 31 balance of plan assets held on our recordkeeping system.

### A. RMD instructions

- ☐ I have already taken my RMD for the year. **Proceed to Section 9.**
- ☐ Calculate and remove my RMD using the IRS Uniform Lifetime Table.
- ☐ Calculate and remove my RMD using the IRS Joint Life and Last Survivor Expectancy Table. (Select only if your spouse is your sole beneficiary and is more than 10 years younger.)

Spouse's name \_\_\_\_\_ Spouse's date of birth (mm/dd/yyyy) \_\_\_\_\_ Spouse's SSN \_\_\_\_\_

### B. Federal income tax withholding

The taxable amount of the RMD, including earnings applicable to after-tax contributions, will be subject to 10% withholding unless otherwise indicated below.

**Note:** You may withhold more than 10%. Insufficient withholding or underpayment of estimated taxes may result in IRS penalties. Taxes are withheld from the total amount requested. A portion of your Roth distribution may be taxable. If you are a nonresident alien, submit IRS Form W-BEN with an original signature as documentation of your foreign tax status.

☐ **DO NOT withhold** federal or state income taxes. Your U.S. residence address is required to honor this request (**no P.O. boxes**).

Residence Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

☐ **Withhold** federal income tax at the rate of \_\_\_\_\_ % (Must be 10% or greater)

### C. State income tax withholding

If your state requires withholding or if the amount below is less than the minimum for your state, Capital Bank and Trust Company<sup>SM</sup> (CB&T) will withhold at least the minimum state tax regardless of your election below. CB&T does not withhold state taxes for all states.

☐ **DO NOT withhold** ☐ Withhold \$ \_\_\_\_\_

**Note:** To review the impacts of state withholding for your state of residence, visit [www.americanfunds.com/retire](http://www.americanfunds.com/retire), or speak with your tax advisor. For residents of MI, to opt out of state taxes or to request a reduced withholding rate, a Form MI W-4P is required. For residents of CT and NC, to opt out or to request additional withholding, a state-specific 4P form is required. These forms must be completed and provided to the employer sponsoring the plan.



## 9 Spousal consent to beneficiary designation — if required

*If you are married to the IRA owner and he or she designated a Primary Beneficiary(ies) other than you, please consult your financial advisor about the state-law and tax-law implications of this beneficiary designation, including the need for your consent.*

I am the spouse of the IRA owner named in Section 1, and I expressly consent to the beneficiary(ies) in Section 7 or attached.

	<b>X</b>	/	/
Name of spouse of IRA owner (print)	Signature of spouse of IRA owner	Date	(mm/dd/yyyy)

This document may not be signed using Adobe Acrobat Reader's "fill and sign" feature.

## 10 Your signature

*This document may not be signed using Adobe Acrobat Reader's "fill and sign" feature.*

I hereby establish an American Funds Traditional/Roth IRA, appoint Capital Bank and Trust Company (CB&T) as Custodian and acknowledge that I have received, read and agree to the terms set forth in the American Funds *Traditional or Roth IRA Custodial Agreement* and that I have received and read the *Traditional or Roth IRA Disclosure Statement*. If no beneficiary is named, the Custodial Agreement default will apply.

I acknowledge that the employer has informed me of the options available under the plan and that I have received and read the *402(f) Notice of Special Tax Rules on Distributions* enclosed in this document. I understand that I have 30 days to decide whether to elect a direct rollover or have my benefits paid to me and waive the 30-day waiting period by making this irrevocable election to treat my distribution as a rollover.

I understand that by making such a rollover election, if my retirement plan includes the Qualified Joint and Survivor Annuity Option (QJSA), I irrevocably waive such QJSA and that, if I am married, my spouse must consent to the waiver. I further understand that my benefits may not be distributed for at least seven (7) days after I sign this request.

I acknowledge that I have read and agree to the terms of the current prospectus(es) of the fund(s) selected and consent to the \$10 setup fee for each account and the annual custodial fee (currently \$10 for each account). I acknowledge that I am responsible for determining my eligibility to make future contributions to this IRA. I understand that any Roth after-tax contributions must be deposited into a Roth IRA and if I am using this form to establish a Traditional IRA, I have provided Roth IRA instructions separately.

I agree to the conditions of the telephone and website exchange/redemption authorization unless I have declined those privileges and agree to indemnify and hold harmless CB&T; any of its affiliates or mutual funds managed by such affiliates; and each of their respective directors; trustees; officers; employees; and agents for any loss, expense or cost arising from such instructions once the telephone and website exchange and/or redemption privileges have been established.

I certify, under penalty of perjury, that my Social Security number is correct. I also certify that, if I am married and have not named my spouse as Primary Beneficiary, I have consulted my financial professional about the need for spousal consent. I authorize the registered representative assigned to my account to have access to my account and to act on my behalf with respect to my account.

I understand that to comply with federal regulations, information provided on this application will be used to verify my identity. For example, my identity may be verified through the use of a database maintained by a third party. If CB&T is unable to verify my identity, I understand that it may need to take action, possibly including closing my account and redeeming the shares at the current market price and that such action may have tax consequences, including a tax penalty.

	<b>X</b>	/	/
Signature of IRA owner (custodian or guardian, if applicable)		Date	(mm/dd/yyyy)

### Next steps

1. You will need to provide the completed and signed form to your former employer for authorization.
2. Contact your former employer for any spousal consent form that may be needed for the QJSA waiver (see Section 10 above).
3. Your former employer will work with the Third-Party Administrator (TPA) to verify the vesting and authorize the distribution of assets.
4. Once the application is authorized and all appropriate signatures collected, the form will be sent by your former employer or the plan's TPA to American Funds for processing.

**DO NOT** mail or fax this form directly to American Funds unless all authorizations and signatures have been collected because this may delay the processing of your request.

**If you have questions or require more information, please contact your financial professional or call the American Funds IRA Rollover Center at (800) 421-9923 to speak with a Rollover Specialist.**



**CAPITAL GROUP®** | **AMERICAN FUNDS®**

RecordkeeperDirect  
**Application for Direct Rollover  
to a New American Funds IRA**

BLACKJEWEL LLC

Plan name

IRK91149

Plan ID number

**Section 11 is to be completed by the TPA**

# 11 Vested percentage

Please confirm the following information for our records.

☐ Participant is 100% vested in all contribution types. **OR** ☐ Variable vesting (see below):

Match \_\_\_\_\_% Profit-sharing \_\_\_\_\_% Other \_\_\_\_\_%  
Specify contribution type

**Note:** All forfeited amounts will be automatically transferred to the plan's forfeiture account.

Partial rollover amounts are taken proportionately from all applicable contribution types (per plan information on file) unless alternate instructions are provided below. Any alternate instructions will apply to this rollover request only.

The information reflected above is correct.

Name of firm \_\_\_\_\_ ( ) \_\_\_\_\_ Ext. \_\_\_\_\_  
Daytime phone

Name of Third-Party Administrator (print) \_\_\_\_\_ **X** \_\_\_\_\_ / /  
Signature of Third-Party Administrator Date (mm/dd/yyyy)

**Section 12 is to be completed by your former employer**

# 12 Employer authorization

As plan trustee or authorized signer of the plan, I certify that **1)** this distribution is in accordance with the terms of the plan; **2)** the plan administrator has provided the participant with a *402(f) Notice of Special Tax Rules on Distributions* and has complied with any Internal Revenue Service and Department of Labor or other notice requirements to the participant that are applicable to this distribution; **3)** the appropriate participant's consent and waivers, including spousal consent if applicable, have been obtained; **4)** the information provided in Section 11 is correct; **5)** I understand that once a payment has been processed, it cannot be changed or reversed; and **6)** the recordkeeper is entitled to rely on my authorization and is hereby indemnified from all liability arising from following the instructions provided on this form.

**Important:** If this form is being submitted as part of the employer's termination of services with RecordkeeperDirect, check this box. ☐

Name of plan trustee or authorized signer (print) \_\_\_\_\_ **X** \_\_\_\_\_ / /  
Signature of plan trustee or authorized signer Date (mm/dd/yyyy)

This document may not be signed using Adobe Acrobat Reader's "fill and sign" feature.

**Send**

You may fax this completed form to **(855) 521-9952** or mail it to the address below.

**American Funds RecordkeeperDirect**  
c/o Retirement Plan Services

**Regular mail**  
P.O. Box 6040  
Indianapolis, IN 46206-6040

**Overnight mail**  
12711 N. Meridian St.  
Carmel, IN 46032-9181



**Please retain for your records.**

Internal Revenue Service Letter Serial No. K180055c

**Section 1 — Definitions**

As used in this Custodial Agreement ("Agreement") and the related Application, the following terms shall have the meaning set forth below unless a different meaning is plainly required by the context:

- (a) **"Account"** means the Traditional IRA and/or Roth IRA established under this Agreement. "Roth IRA" means the Account established in accordance with Code §408A that is designated as a Roth IRA upon establishment and that shall at all times be nonforfeitable. "Traditional IRA" means the Account established in accordance with Code §408 that is designated as a Traditional IRA upon establishment and that shall at all times be nonforfeitable.
- (b) **"Application"** means the accompanying instrument executed by the Owner (or in the case of a minor, by the parent or legal guardian of the Owner) under which the Owner establishes the Account as either a Traditional IRA and/or Roth IRA.
- (c) **"Beneficiary" or "Beneficiaries,"** unless preceded by the words "Primary," "Contingent," "Designated," "Original" or "Subsequent," means the person or entity (including a trust or estate) designated on the form described in Section 8(a), or otherwise entitled to receive the Account after the death of the Owner. "Primary Beneficiary" means the beneficiary designated by the Owner to receive the Account after the death of the Owner. "Contingent Beneficiary" means the beneficiary designated by the Owner to receive the Account after the death of the Owner provided that no Primary Beneficiary survives the Owner. "Designated Beneficiary" means a person whose life expectancy is used for the measuring period for required minimum distributions under Section 8 of this Agreement. "Original Beneficiary" and "Subsequent Beneficiary" are defined in Section 8(m) of this Agreement.
- (d) **"Child" or "Children"** shall mean the descendants in any degree of the designated person and include legally adopted children who are adopted during their minority only and descendants of such legally adopted children.
- (e) **"Code"** means the Internal Revenue Code of 1986, as amended.
- (f) **"Compensation"** means wages, salaries, professional fees and other amounts derived from or received for personal service actually rendered (including, but not limited to, commissions paid to salespersons, compensation for services based on a percentage of profits, commissions on insurance premiums, tips and bonuses) and includes earned income, as defined in Code §401(c)(2). For purposes of this definition, Code §401(c)(2) shall be applied as if the term "trade" or "business" for purposes of Code §1402 included service described in subsection (c)(6). Compensation also includes any amount includable in gross income under Code §71 with respect to a divorce or separation instrument described in subparagraph (A) of Code §71(b)(2). Compensation does not include amounts derived from or received as earnings or profits from property (including, but not limited to, interest and dividends), any amounts not includable in gross income (determined without regard to §112), or any amount received as a pension, annuity or as deferred compensation. The term "compensation" also includes any differential wage payments as defined in §3401(h)(2). In the case of a married individual filing a joint return, the spouse's Compensation (less any amount the spouse used for making a contribution to either a Roth IRA or Traditional IRA) is treated as the individual's Compensation, to the extent it is greater than the individual's Compensation.
- (g) **"Conversion Contribution"** means a qualified rollover contribution made to a Roth IRA that is all or any portion of a distribution from an individual retirement account established under Code §§408(a), 408(k), 408(p) or an individual retirement annuity established under Code §408(b) (but not from another Roth individual retirement account established under Code §408A) during any taxable year if:
  - (i) the Owner's adjusted gross income or combined adjusted gross income, if married filing a joint return, for such taxable year does not exceed \$100,000 (or such other amount as may be specified in §408A(c)(3)(B)(i)), and
  - (ii) the Owner is not a married individual filing a separate return; and
  - (iii) the rollover contribution meets the requirements of Code §408(d)(3).
 For taxable years beginning after 2007, a Conversion Contribution includes a rollover from an eligible retirement plan described in §402(c)(8)(B). For taxable years beginning after 2009, the limits in this paragraph (g) do not apply to Conversion Contributions.
- (h) **"Custodian"** means Capital Bank and Trust Company or any successor thereto.
- (i) **"Disabled"** means disabled as defined in Code §72(m)(7).
- (j) **"Fund"** means one or more of the investment companies for which an affiliate of the Custodian serves as investment advisor.
- (k) **"Issue"** of a person means all of his or her lineal descendants of all generations.
- (l) **"Owner"** means the individual for whom the Account is established or transferred, in the case of a transfer incident to divorce or legal separation.
- (m) **"Recharacterization"** means the procedure by which a contribution to a Roth IRA is treated as if it had been made to a Traditional IRA, and the procedure by which a contribution to a Traditional IRA is treated as if it had been made to a Roth IRA, pursuant to the rules in §1.408A-5 of the Federal Income Tax Regulations and the limits described in Section 3 of this Agreement.
- (n) **"Required Beginning Date"** means, in the case of a Traditional IRA, April 1 following the calendar year in which the Owner reaches age 70½.
- (o) **"Rollover Contribution"** means an amount contributed to the Account that:
  - (i) in the case of a Roth IRA, is not a Conversion Contribution and is derived from all or any portion of a distribution from another Roth individual retirement account established under Code §408A. A Rollover Contribution includes a rollover from a §401(a) qualified retirement plan, §403(b) plan, §457(b) government plan, or an

account described in Code §402A, and

- (ii) in the case of a Traditional IRA, is derived from:
  - a. all or any portion of an eligible rollover distribution as defined in Code §§402(c)(4), 403(b)(8)(A)(i), and 457(d) and the regulations thereunder that may be rolled over directly to the Account;
  - b. all or any portion of a distribution from another individual retirement account established under Code §408(a) or an individual retirement annuity established under Code §408(b) (but not from a Roth individual retirement account established under Code §408A); or
  - c. redemptions of retirement bonds (under former Code §§405(d)(3) or 409(b)(3)(c) of the Internal Revenue Code of 1954), but only to the extent the proceeds from the redemption, including total accumulated interest, exceed the basis of the bond.

Such Rollover Contributions must be paid into the Account not later than the 60th day following the receipt of such distribution by the Owner. If property other than money is distributed from a plan or account described above, the Rollover Contribution may consist of the property distributed, subject to the consent of the Custodian. Alternatively, the property may be sold and its proceeds rolled over. The Owner can make only one rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs owned. This limit will apply by aggregating all of an Owner's IRAs, including SEP and SIMPLE IRAs as well as Traditional and Roth IRAs, effectively treating them as one IRA for purposes of the limit. A rollover from a Traditional IRA to a Roth IRA (a "conversion") is not subject to the one rollover per 12-month period limitation, and such a rollover is disregarded in applying the limitation to other rollovers.

(p) **"\$219 Maximum Contribution Limit"** means:

- (i) If the individual is under age 50, the applicable amount is \$3,000 for any taxable year beginning in 2002 through 2004, \$4,000 for any taxable year beginning in 2005 through 2007 and \$5,000 for any taxable year beginning in 2008 and years thereafter. After 2008, the \$5,000 amount will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code §219(b)(5)(D). Such adjustments will be in multiples of \$500.
- (ii) If the individual is 50 or older, the applicable amount under paragraph (i) above is increased by \$500 for any taxable year beginning in 2002 through 2005 and by \$1,000 for any taxable year beginning in 2006 and years thereafter.
- (iii) If the individual was a participant in a §401(k) plan of a certain employer in bankruptcy described in Code §219(b)(5)(C), then the applicable amount under paragraph (i) above is increased by \$3,000 for taxable years beginning after 2006 and before 2010 only. An individual who makes contributions under this paragraph (iii) may not also make contributions under paragraph (ii).



## Section 2 — Establishment of Account

By executing the Application, the Owner thereby establishes the Account that shall hold all assets deposited with the Custodian for the exclusive benefit of the Owner and the Owner's Beneficiaries. A parent or legal guardian may execute the Application on behalf of an Owner who is a minor. In the event an IRA is established for a minor, the parent or legal guardian is authorized, on behalf of such minor, to take whatever actions are afforded the Owner of the IRA under the terms of this Agreement. The parent or legal guardian, by establishing an Account on behalf of a minor, agrees to indemnify and hold harmless the Custodian and its affiliates from any losses including court costs and reasonable attorney fees incurred by the Custodian or its affiliates as a result of establishing the Account in the name of the minor.

## Section 3 — Contributions and Transfers

### (a) Contribution Limits — Maximum Permissible Amount.

The Custodian shall not accept contributions to the Account for any taxable year in excess of the lesser of the \$219 Maximum Contribution Limit, or 100% of Compensation, except for contributions:

- (i) that the Owner has notified the Custodian in writing to be Rollover Contributions; or
- (ii) in the case of a Roth IRA, that the Owner notified the Custodian in writing to be Conversion Contributions; or
- (iii) In the case of a Traditional IRA, that are made in accordance with the terms of a Simplified Employee Pension Plan (SEP).
- (iv) In addition to the amounts described above, an individual may make additional contributions specifically authorized by statute — such as repayments of qualified reservist distributions, repayments of certain plan distributions made on account of a federally declared disaster and certain amounts received in connection with the Exxon Valdez litigation.
- (v) In addition to the amounts described above, an individual who was a participant in a §401(k) plan of a certain employer in bankruptcy described in Code §219(b)(5)(C) may contribute up to \$3,000 for taxable years beginning after 2006 and before 2010 only. An individual who makes contributions under this paragraph may not also make catch-up contributions described in Code §219(b)(5)(C).
- (vi) If this is an Inherited IRA within the meaning of §408(d)(3)(C), no contributions will be accepted.

**(b) Roth Contribution Eligibility — Regular Contribution Limit.** In the case of a Roth IRA, to be eligible to make contributions other than Rollover or Conversion Contributions, the Owner must meet the modified adjusted gross income (MAGI) limits for a taxable year described in Code §408A(c)(3)(C)(i) and does not include any amount included in adjusted gross income as a result of making a Conversion Contribution for that taxable year. The maximum permissible amount is phased out ratably for certain adjusted gross income limits as described in Code §408A(c)(3)(C)(ii), as such limits may be adjusted from time to time. An Owner who files as single or head of household, with MAGI that

does not exceed \$95,000, or who files a joint return or as a qualifying widow or widower, with MAGI that does not exceed \$150,000, is eligible to make a full \$219 Maximum Contribution Limit contribution to a Roth IRA. Owners who have income above these levels may contribute to a Roth IRA on a reduced basis, so that no contribution is allowed for an Owner who files as single or head of household, with MAGI exceeding \$110,000 or who files a joint return or as a qualifying widow or widower, with MAGI exceeding \$160,000. For an Owner who is married, filing separately, the phase-out range is from \$0 to \$10,000 of modified MAGI. If the Owner's MAGI for a taxable year is in the phase-out range, the maximum regular contribution for the taxable year is rounded up to the next multiple of \$10. If this calculation results in a contribution amount of more than zero but less than \$200, an Owner is still permitted to contribute \$200. If the Owner makes regular contributions to both a Roth IRA and a Traditional IRA for a taxable year, the maximum regular contribution that can be made to all Roth IRAs of the Owner for that taxable year is reduced by the regular contributions made to the Owner's Traditional IRAs for the taxable year.

**(c) Rollover and Conversion Contributions In Cash or Shares.** Rollover and Conversion Contributions must be received by the Custodian in the form of cash, Fund shares or any combination thereof. The Custodian may require that each Rollover and Conversion Contribution be accompanied by a properly completed transmittal form provided by the Custodian.

**(d) SIMPLE IRA Contributions.** No contribution will be accepted under a SIMPLE IRA plan established by any employer pursuant to Code §408(p). No transfer or rollover of funds attributable to contributions made by an employer under its SIMPLE IRA plan will be accepted from a SIMPLE IRA to this Account prior to the expiration of the two-year period beginning on the date the Owner first participated in that employer's SIMPLE IRA plan.

**(e) Age Restrictions.** No contribution (other than Rollover Contributions or employer contributions under a SEP, if applicable) may be made to a Traditional IRA beginning with the calendar year in which the Owner reaches age 70½. Contributions may be made to a Roth IRA regardless of the age of the Owner.

**(f) Transfers.** The Owner may transfer assets in any amount to this Account in the case of a Traditional IRA, from another Code §408(a) or (b) individual retirement plan, §403(a) annuity, or (former) §405 bond; in the case of a Roth IRA, from another Code §408A Roth individual retirement account. The Owner may also transfer assets in any amount to the Account pursuant to the Reclassification rules of §1.408A-5 of the Federal Income Tax Regulations and Section 7(e) of this Agreement. If the Owner adopts another individual retirement plan established under Code §§408 or 408A, at the request of the Owner, the Custodian shall deliver to such transferee the cash proceeds or designated Fund shares of the Account. The Custodian may require satisfactory evidence of the qualified status of any transferee trustee or custodian.

**(g) Repayment of a Qualified Reservist Distribution.** Notwithstanding the dollar limits on contributions, an individual may make a repayment of a qualified reservist distribution described in Code §72(t)(2)(G) during the 2-year period beginning on the day after the end of the active duty period or by August 17, 2008, if later. If the August 17, 2008 deadline is extended by law or otherwise, this provision incorporates such extension.

## Section 4 — Investment of Account

**(a) Investment Instructions.** Pursuant to the Owner's written instructions, or the written instructions of the employer on behalf of the Owner under a payroll deduction plan, each cash contribution to the Account shall be applied to the purchase of shares of the Fund or Funds designated by the Owner at the applicable offering price in accordance with the terms of such Fund's prospectus and/or to the purchase of the designated annuity contract or any other investment permitted under Code §408 or 408A, that is acceptable to the Custodian. If this Agreement is used to fund an IRA under a Simplified Employee Pension (SEP) Plan or a Salary Reduction Simplified Employee Pension (SARSEP) Plan and the Owner fails to provide investment instructions, the contribution will be invested based on the investment instructions provided by the employer of the Owner. For a Traditional or Roth IRA contribution:

### (i) no investment instructions and contribution more than \$10,000:

If no fund is designated and the amount of the contribution, regular or rollover, is over \$10,000, such contribution will be held uninvested (without liability to the Custodian for loss of income or appreciation pending receipt of proper instructions) until investment instructions are received, but for no more than three (3) business days. If investment instructions are not received, the contribution will be invested in American Funds U.S. Government Money Market Fund<sup>SM</sup> on the third business day after receipt of the contribution.

### (ii) no investment instructions and contribution \$10,000 or less:

If no fund is designated and the amount of the contribution, regular or rollover, is \$10,000 or less, the amount of the contribution will be invested in the same proportion and in the same Fund or Funds in which the last contribution, regular or rollover, was invested provided such contribution was made within the last sixteen (16) months. If no contribution was made within the last sixteen (16) months, the contribution received without investment instructions will be held uninvested (without liability to the Custodian for loss of income or appreciation pending receipt of proper instructions) until investment instructions are received, but for no more than three (3) business days. If investment instructions are not received, the contribution will be invested in American Funds U.S. Government Money Market Fund on the third business day after receipt of the contribution.



If a Fund is designated but there is no share class indicated, the default will be A shares. The Owner, or if the Owner is deceased, the Beneficiary, may from time to time change the designation of the investments of Account assets hereunder and may instruct the Custodian to exercise any exchange privilege set forth in the Fund's prospectus.

- (b) **Reinvestment of Dividends and Capital Gain Distributions.** All dividends and capital gain distributions shall be reinvested. Once the Owner has reached age 59½ and, in the case of a Roth IRA, the applicable five-taxable-year period described in Code §408A(d)(2)(B) has been met, the Owner may request that dividends and capital gains distributions be distributed from the Account. Dividends received from any annuity contract shall be applied to the purchase of paid-up additions to such policy's cash value.
- (c) **Life Insurance and Annuity Contracts.** No part of an Account shall be invested in life insurance contracts. No annuity contract acquired by the Custodian shall have a fixed premium. Any refund of premiums (other than those attributable to excess contributions) will be applied, before the close of the calendar year following the year of the refund, toward the payment of future premiums or the purchase of additional benefits. No annuity contract shall be transferable by the Owner.
- (d) **Account Assets.** The assets of the Account will not be commingled with other Custodian property and the purchase of Fund shares shall not be considered commingling.

## Section 5 — The Custodian

- (a) **Share Accumulation Accounts and Systematic Withdrawals.** The Custodian, or its designated agent ("Agent"), is authorized to establish share accumulation accounts and systematic withdrawal plans (as described in the prospectus of the Fund, and as customarily entered into with other shareholders of the Fund) for the purpose of receiving and investing the contributions made hereunder and reinvesting income dividends and capital gain distributions. The Custodian is not liable for any act or failure to act of such Agent.
- (b) **Safekeeping of Assets.** The Custodian is authorized to deposit certificates for shares with itself or the Agent for the purpose of safekeeping or otherwise or to permit shares to be credited to the Custodian. The Custodian shall not be obligated to secure certificates for such shares and in its discretion may permit such certificates to remain unissued. Fund shares, annuity contracts and other assets acquired by the Custodian shall be owned by and registered in the name of the Custodian or its registered nominee.
- (c) **Authority to Sell.** The Custodian is authorized to sell or redeem shares and to surrender annuity contracts at the direction of the Owner, the Beneficiary or the legal representative of the Owner or Beneficiary.
- (d) **Statements of Account.** Periodically the Custodian shall furnish to the Owner, or the Beneficiary of a deceased Owner, a statement of the Account, showing amounts invested or redeemed and the number and price of such shares. The Custodian shall furnish an annual calendar-year statement to the Owner or
- Beneficiary setting forth receipts, investments, disbursements, and other transactions. Upon expiration of 45 days after forwarding such statement, the Custodian shall be forever released and discharged from all liability and accountability to anyone with respect to its acts, transactions, duties, obligations, or responsibilities as shown in or reflected by such statement, except with respect to any such acts or transactions as to which the Owner or Beneficiary shall have filed written objections with the Custodian within such 45-day period.
- (e) **Notices and Proxies.** The Custodian shall furnish to the Owner, either directly or indirectly, notices, prospectuses, financial statements, proxies, and proxy-soliciting materials relating to all assets credited to the Account. Any notification to the Owner provided for under this Agreement shall be effective if sent by first class mail to the Owner's last address of record. The Custodian shall not vote any shares held in the Account except in accordance with prior written instructions of the Owner. If the Custodian receives no such written instructions from the Owner, the Custodian may vote the shares of each fund held in the Account in the same proportion as the votes of the other shareholders of the fund(s) held in the Account.
- (f) **Government Reports.** The Custodian shall file such reports relating to the Account with the appropriate government agency as the Custodian is required to file by law. The Owner shall furnish to the Custodian the information necessary to complete such reports.
- (g) **No Liability for Investments.** The Custodian shall not be liable to the Owner or Beneficiaries for any depreciation or similar loss of assets or for the failure of the Account to produce any or larger net earnings. The Custodian shall not be liable for any act or failure to act of itself, its agents, employees or attorneys, so long as it exercises good faith, is not guilty of negligence or willful misconduct, and has selected such agents, employees and attorneys with reasonable diligence. The Custodian shall have no responsibility for the determination or verification of the premium rates for any annuity contract or the offering or redemption prices or net asset values of Fund shares, and shall be entitled to rely for such rates, prices and net asset values upon statements issued by or on behalf of the respective insurance company or Fund.
- The Custodian shall have no duty to inquire into the investment practices of the Fund; the Fund shall have the exclusive right to control the investment of its assets in accordance with its stated policies; and the investments shall not be restricted to securities of the character now or hereafter authorized for trustees by law or rules of court. The Custodian shall not be liable or responsible for any omissions, mistakes, acts or failures to act of the Fund, the insurance company issuing any annuity contract provided for herein, or their successors, assigns or agents.
- (h) **No Liability for Contributions and Distributions.** The Custodian shall not be responsible in any way for the purpose or propriety of any distribution made pursuant to instructions satisfactory to the Custodian, the collection of contributions provided for hereunder, or any action or nonaction taken pursuant to the request of the Owner, Beneficiary or legal representative of the Owner. The Custodian shall

have no duty to determine whether contributions or Conversion Contributions made to the Roth IRA satisfy the applicable limits referenced in Sections 1(f) and 3 of this Agreement.

The Custodian shall have no obligation to give advice to anyone on the deductibility of any contributions or the tax due, if any, on payments made hereunder or to determine the amount of any excess contribution and the net income attributable thereto. If the Owner has authorized telephone exchanges under the Application or other form provided by the Custodian, the Custodian may make investment exchanges for this Account or any other account with the same registration in accordance with the instructions received from any person by telephone, telecopier or other electronic means and shall have no obligation to question any instructions so received or liability for the transactions it performs pursuant to such instructions.

The Custodian will provide to the Owner information concerning required minimum distributions as prescribed by the Commissioner of Internal Revenue.

## Section 6 — Fees and Expenses

The Custodian shall receive fees for its services hereunder in such amount as it shall establish from time to time, including, but not limited to, services rendered for the processing of distribution requests and Beneficiary claims. In addition, the Custodian shall receive reasonable fees for any unusual or special services rendered. The compensation of the Custodian, any transfer taxes incurred in connection with the investment and reinvestment of the assets of the Account, and all administrative expenses incurred by the Custodian in the performance of its duties, including fees for legal services rendered to the Custodian, shall either be reduced from contributions and charged to the Account, or shall be paid by redeeming or surrendering the necessary assets credited to the Account, unless otherwise paid by the Owner, but until paid shall constitute a lien upon the assets of the Account.

## Section 7 — Withdrawal of Account Assets

- (a) **Taxation of Withdrawals From Traditional IRAs.** Any withdrawals made from the Account or any other IRA of the Owner are includable in the Owner's gross income, to the extent such withdrawals do not include any nondeductible contributions.
- (b) **Taxation of Withdrawals From Roth IRAs.** A distribution of all or part of the Account may be made to the Owner upon the Owner's request and will not be includable in the Owner's gross income for any year if such distribution is a "Qualified Distribution."
- (i) A "Qualified Distribution" means any payment made:
- on or after the date on which the Owner attains age 59½;
  - on account of the death of the Owner;
  - to an Owner who is Disabled; or



- d. as a Qualified Special Purchase Distribution. A "Qualified Special Purchase" means any distribution for expenses associated with a first-time home purchase in accordance with subparagraph (F) of Code §72(f)(2).
- (ii) A payment or distribution will not be treated as a Qualified Distribution if it is made within the five-taxable-year period beginning with the first taxable year for which the Owner made a contribution to a Roth Account.
- (iii) Any distribution from the Roth IRA that is not a Qualified Distribution shall be treated as made:
  - a. first from contributions to the Roth IRA;
  - b. then from Conversion Contributions, starting with amounts first converted, (withdrawals of Conversion Contributions shall be treated as coming first from amounts that were included in income);
  - c. then from earnings.
- (iv) To the extent a distribution is attributable to Conversion Contribution amounts that were includable in income, such distribution will be treated as a premature distribution if made within the five-taxable-year period after the date of the applicable conversion, unless the distribution meets one of the exceptions to the early distribution penalty set forth in Section (c) below.
- (c) **Exceptions to Premature Distribution Penalties.** A distribution of all or part of the Account may be made to the Owner upon the Owner's request; however, tax penalties apply to amounts included in income or to distributions attributable to Conversion Contributions that are treated as premature distributions, other than:
  - (i) payments that are part of a series of substantially equal periodic payments that may be based on, but not limited to, the following three methods: life expectancy, amortization (using a rate between 80% and 120% of the long-term applicable federal rate) or annuitization (using an acceptable mortality table including but not limited to UP'84, '83 IAM or Annuity 2000);
  - (ii) the return of excess contributions;
  - (iii) payments for certain catastrophic medical expenses;
  - (iv) payments made after an extended period of unemployment to cover health insurance premiums;
  - (v) payments made to an Owner who has reached age 59½ or is Disabled;
  - (vi) payments made on account of the death of the Owner;
  - (vii) payments for expenses associated with a first-time home purchase in accordance with subparagraph (F) of Code §72(f)(2);
  - (viii) payments for post-secondary education costs of the immediate family members and grandchildren of the Owner; or
  - (ix) a levy under Code §6331.

If the Owner should become Disabled, the Account may be distributed to the Owner commencing as of the date of determination of such disability.

- (d) **Excess Contributions to Account.** Excess contributions exist if, in any calendar year, the Owner contributes to the Account:
  - (i) in the case of a Traditional IRA, an amount that exceeds 100% of Compensation or the \$219 Maximum Contribution Limit, whichever is smaller;
  - (ii) in the case of a Roth IRA, an amount in excess of the amount allowable under Code §§408A(c)(2) and (3); and
  - (iii) in the case of contributions to both a Traditional IRA and Roth IRA, an amount that exceeds 100% of Compensation or the \$219 Maximum Contribution Limit, whichever is smaller.

The Owner may withdraw such excess contributions together with any earnings thereon. Such excess contributions may be withdrawn at any time prior to the day prescribed by law (including extensions) for filing the Owner's federal tax return for such year and shall not be subject to tax penalties. Any earnings on the excess contribution must also be withdrawn and are includable in income in the tax year in which the excess contribution was made. In addition, the withdrawn earnings may be subject to a penalty tax as a premature distribution.

Such excess amounts shall, at the Owner's request, be distributed to the Owner or redesignated as the Owner's contribution for the succeeding taxable year. The Owner shall notify the Custodian in writing of the full amount of the required withdrawal, including earnings thereon, or the number of shares equivalent thereto to be withdrawn and the method of distribution. Failure to withdraw such amounts will result in an annual tax penalty to the Owner.

- (e) **Corrections of Erroneous Contributions or Conversion Contributions.** In the event the Owner determines that:
  - (i) a Conversion Contribution was made erroneously;
  - (ii) a contribution was mistakenly made to a Roth IRA; or
  - (iii) a contribution was mistakenly made to a Traditional IRA,
 the Owner may Recharacterize such amount by instructing the Custodian prior to the Owner's tax-filing deadline (including extensions) to move the erroneous or mistaken contribution into the proper IRA by effecting a trustee-to-trustee transfer. Such transferred amounts will include any income allocable to such amounts and will be treated as if originally contributed to the transferee IRA, under the Recharacterization rules of §1.408A-5 of the Federal Income Tax Regulations.

## Section 8 — Distributions to Owner and Owner's Beneficiaries

### (a) Beneficiary Designations.

- (i) **Owner's Right to Designate or Change Beneficiary.** The Owner shall have the right to designate or change a Beneficiary to receive any benefit from the Account to which such Owner may be entitled in the event of the Owner's death prior to complete distribution of the Account. If no such designation is in effect at the time of the

Owner's death, the Owner's Beneficiary shall be the Owner's spouse or, if none, the Owner's children, equally. If any child does not survive the Owner, then the deceased child's share will be distributed to his or her children (the Owner's grandchildren), equally or, if none, the surviving children equally. If none of the foregoing survives the Owner, the Beneficiary will be the Owner's estate.

- (ii) **Required Form of Beneficiary Designation.** The Owner may designate or change a Beneficiary only by signed written notice to, and in a form acceptable to, the Custodian, but the Custodian shall have no responsibility to determine the validity of such beneficiary designation. The designation or change will take effect as of the date the written notice was executed, provided that the designation or change is delivered to the Custodian prior to the Owner's death. Notwithstanding the foregoing, no such designation or change shall take effect with respect to any annuity contract held in the Account until accepted by the insurance company issuing such annuity contract. Moreover, the beneficiary designation form shall be used solely for the purpose of designating a Beneficiary or Beneficiaries.
- (iii) **Good Faith Payment by Custodian.** The Custodian shall be relieved of any liability for making any payment in good faith to any person or entity that claims to be a Beneficiary. The Custodian shall be entitled to rely without liability on written notice from the Owner's personal representative or any Beneficiary as to the identity of the Beneficiaries of the Owner at the time of the Owner's death.

- (b) **Distributions Before Required Beginning Date.** Before the Required Beginning Date, but only in a form acceptable to the Custodian, the Owner may elect to have the balance in the Account distributed in one of the following forms:

- (i) a single sum payment;
- (ii) payments over the life of the Owner;
- (iii) payments over the lives of the Owner and his or her Beneficiary; or
- (iv) payments over a specified period.

- (c) **Required Distributions During Traditional IRA Owner's Lifetime.**

- (i) **Timing of Distributions for Traditional IRA.** The first payment of a required distribution is not due until the Owner's Required Beginning Date. If the Owner takes the first required distribution in the year of his or her Required Beginning Date, another distribution is required by December 31 of the year containing the Required Beginning Date. In this event, the Owner may receive two required distributions in the first year distributions begin. If the Owner takes the first required distribution in the year in which he or she reaches 70½, the Owner need only take one distribution in the year in which his or her Required Beginning Date occurs. For each succeeding year, a distribution must be made on or before December 31. Distributions under this section are considered to have begun if the distributions are made on account of the Owner reaching his or her Required Beginning Date. If the Owner dies prior to the Required Beginning





Date, distributions will not be considered to have begun even if the Owner receives distributions before the Owner's death.

In the case of a Roth IRA, no distributions are required to be made prior to the Owner's death.

- (ii) **Method of Calculating Lifetime Minimum Distributions for Traditional IRA.** The minimum amount to be distributed each year (commencing with the Required Beginning Date and each year thereafter up to and including the year of the Owner's death) shall not be less than (and may be more if requested in writing by the Owner) an amount equal to the quotient obtained by dividing the prior year-end value (including the amount of any outstanding rollover, transfer and recharacterization under Q&As-7 and -8 of §1.408-8 of the Federal Income Tax Regulations) by the applicable factor (using the Owner's age as of his or her birthday in the year) in the Uniform Lifetime Table in Q&A-2 of §1.401(a)(9)-9 of the Federal Income Tax Regulations. However, if the Owner's sole Designated Beneficiary is the Owner's spouse and the spouse is more than 10 years younger than the Owner, then the distribution period is determined under the Joint Life and Last Survivor Expectancy Table in Q&A-3 of §1.401(a)(9)-9 of the Federal Income Tax Regulations, using ages as of the Owner's and spouse's birthday in the year.

**(d) Required Distributions After Owner's Death.**

- (i) **Minimum Distributions to Beneficiaries From Roth IRA; and Minimum Distributions to Beneficiaries From Traditional IRA if Owner Dies Before the Required Beginning Date.** Upon the death of an Owner of a Roth IRA, or upon the death of the Owner of a Traditional IRA before his or her Required Beginning Date, the Beneficiary or Beneficiaries may elect to receive minimum distributions from the Account as follows:
- Nonspouse Beneficiary Is Designated Beneficiary; or Spouse Beneficiary Is Not Sole Designated Beneficiary** — If the Designated Beneficiary is not the spouse of the Owner, or if the spouse of the Owner is a Beneficiary but not the sole Designated Beneficiary, then the Beneficiary may elect to receive minimum distributions over the life expectancy of the Designated Beneficiary commencing no later than December 31 of the year following the year of the Owner's death.
  - Spouse Beneficiary Is Sole Designated Beneficiary** — If the sole Designated Beneficiary is the spouse of the Owner, then such spouse may elect:
    - To receive minimum distributions over the spouse's life expectancy commencing no later than December 31 of the year following the year of the Owner's death, or December 31 of the year in which the Owner would have reached age 70½. If the surviving spouse dies before distributions are required to begin, the remaining interest will be distributed to the spouse's Beneficiary or Beneficiaries in accordance with

subparagraph a. of this Section 8d(i), as if the spouse were the Owner. If the surviving spouse dies after distributions are required to begin, any remaining interest in the Account will be distributed over the spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death;

- To receive minimum distributions in accordance with subparagraph c. of this Section 8(d)(i); or
  - To treat the Account as his or her own. This election is deemed to be made if such spouse makes a contribution to the Account or fails to take required minimum distributions as the Beneficiary in any year following the year of the Owner's death.
- c. **No Designated Beneficiary** — If the Owner does not have a Designated Beneficiary, the entire interest will be distributed by December 31 of the year containing the fifth anniversary of the Owner's death (or surviving spouse's death if the surviving spouse dies before distributions are required to begin).
- d. **Inherited IRA, Nonspouse Beneficiary** — If this is an inherited IRA within the meaning of Code §408(d)(3)(C) established for the benefit of a nonspouse designated beneficiary by a direct trustee-to-trustee transfer from a retirement plan of a deceased individual under §402(c)(11), then, notwithstanding any election made by the deceased individual, the nonspouse designated beneficiary may elect to have distributions made under section (a) above if the transfer is made no later than the end of the year following the year of death.
- (II) **Minimum Distributions to Beneficiaries From Traditional IRA if Owner Dies on or After the Required Beginning Date.** If the Owner dies on or after the Required Beginning Date, the Beneficiary or Beneficiaries may elect to receive minimum distributions from the Account as follows:
- Nonspouse Beneficiary Is Designated Beneficiary; or Spouse Beneficiary Is Not Sole Designated Beneficiary** — If the Designated Beneficiary is not the spouse of the Owner, or if the spouse of the Owner is a Beneficiary, but not the sole Designated Beneficiary, then the Beneficiary may elect to receive minimum distributions over the longer of the life expectancy of the Designated Beneficiary or the remaining life expectancy of the Owner, commencing no later than December 31 of the year following the year of the Owner's death.
  - Spouse Beneficiary Is Sole Designated Beneficiary** — If the sole Designated Beneficiary is the spouse of the Owner, then such spouse may elect:
    - To receive minimum distributions over the spouse's life expectancy

or over the remaining life expectancy of the Owner, if such period is longer, commencing no later than December 31 of the year following the year of the Owner's death. Any remaining interest after the spouse's death will be distributed over such spouse's remaining life expectancy, or over the remaining life expectancy of the Owner if such period is longer.

- To treat the Account as his or her own. This election is deemed to be made if such surviving spouse makes a contribution to the Account or fails to take required minimum distributions as the Beneficiary in any year following the year of the Owner's death.
- c. **No Designated Beneficiary** — If the Owner does not have a Designated Beneficiary, then the Beneficiary may elect to receive minimum distributions over the remaining life expectancy of the Owner.
- (III) **Determination of Life Expectancy and Calculation of Minimum Distributions After the Owner's Death.** The minimum amounts required to be distributed each year under Sections (i) and (ii) above is the quotient obtained by dividing the value of the Account as of the end of the preceding year by the applicable factor. The applicable life expectancy factor for the surviving spouse who is the sole Designated Beneficiary is the Single Life Table factor in Q&A-1 of §1.401(a)(9)-9 of the Federal Income Tax Regulations for the spouse's age each year. The applicable factor in all other cases is the Single Life Table factor in Q&A-1 of §1.401(a)(9)-9 of the Federal Income Tax Regulations corresponding to the Beneficiary's age (or Owner's age, if applicable) as of his or her birthday in the year distributions begin reduced by one in each succeeding year. The value of the Account includes the amount of any outstanding rollover, transfer and recharacterization under Q&As-7 and -8 of §1.408-8 of the Federal Income Tax Regulations.

- (e) **Requesting Distributions.** The Custodian has no duty to advise the Owner or Beneficiary of the taxability of distributions. Moreover, the Custodian has no duty to commence distributions to the Owner or Beneficiary until receipt of instructions, in a form acceptable to the Custodian, from the Owner or Beneficiary, as the case may be. The Custodian shall give no force and effect to any election made by the Owner or Beneficiary as to the distribution options allowable to the Owner or Beneficiary(ies), unless such election is made in a form acceptable to the Custodian.
- (f) **Satisfying Minimum Distributions From Two or More IRAs.** An individual may satisfy the minimum distribution requirements under §§408(a)(6) and 408(b)(3) of the Code by receiving a distribution from one Traditional IRA that is equal to the amount required to satisfy the minimum distribution requirements for two or more Traditional IRAs or from one Roth IRA that is equal to the amount required to satisfy the minimum distribution requirements for two or more Roth IRAs. For this purpose, the Owner or Beneficiary of two or more Traditional IRAs or





two or more Roth IRAs may use the "alternative method" described in Notice 88-38, 1988-1 C.B. 524 (as modified by §1.408-8, A-9 of the Federal Income Tax Regulations) to satisfy the minimum distribution requirements described above. If the Owner or Beneficiary does not provide the Custodian with timely notice that required distributions will be satisfied from this Account, then the Owner automatically will be deemed to have elected to satisfy the minimum distribution requirements from some other IRA.

**(g) Treatment of Trust Beneficiaries as "Designated Beneficiaries."** If a trust is named as a Beneficiary of this Account, the beneficiaries of the trust with respect to the trust's interests in this Account will be treated as being "Designated Beneficiaries" (as that term is defined in the Code and corresponding Treasury Regulations) of the Owner solely for purposes of determining the distribution period under §401(a)(9) of the Code; provided, however, such treatment as "Designated Beneficiaries" may occur only if, during any period during which required minimum distributions are being determined by treating beneficiaries of the trust as Designated Beneficiaries of the Owner, the following requirements are met:

- (i) the trust is a valid trust under state law, or would be but for the fact that there is no corpus;
- (ii) the trust is irrevocable or will, by its terms, become irrevocable upon the death of the IRA Owner;
- (iii) the beneficiaries of the trust who are beneficiaries with respect to the trust's interests in this Account are identifiable from the trust instrument; and
- (iv) the Custodian receives the documentation described in Q&A 6 of Treasury Regulations §1.401(a)(9)-4.

If the foregoing requirements have been satisfied, and the Custodian receives such additional information as it may request, the Custodian of this Account may treat such trust beneficiaries as "Designated Beneficiaries."

**(h) Separate Accounts.** The Custodian will recognize the timely creation of separate accounts by the Employee, Beneficiary or Beneficiaries (or a representative of the Beneficiary or Beneficiaries, including the trustee of a trust) to the extent permitted by law or applicable Treasury regulations. If the Employee designates multiple individuals or a trust with multiple beneficiaries as the Employee's Beneficiary, then the age of the oldest individual or trust beneficiary shall be used for purposes of calculating required minimum distributions hereunder unless separate accounts are timely established as aforesaid. To create separate accounts during the lifetime of the Employee, a separate Application must be completed for each Account, delivered and accepted by the Custodian. To create separate Accounts after the death of the Employee, the Custodian must be notified by the Beneficiary or at least one of the Beneficiaries (or a representative of the Beneficiary or Beneficiaries, including the trustee of a trust, or the legal representative of an estate) in a form and manner acceptable to the Custodian.

**(i) Trust Beneficiary Qualifying for Marital Deduction.** If a Beneficiary is a trust (other than an estate marital trust) that is intended to qualify

for the federal estate tax marital deduction under §2056 of the Code ("Marital Trust"), then:

- (i) in no event shall the annual amount distributed from the Account to the Marital Trust be less than the minimum distribution required under §401(a)(9) of the Code;
  - (ii) the trustee of the Marital Trust shall be responsible for calculating the amount to be distributed under clause (i) above and shall instruct the Custodian of the Account in writing to distribute the amount so calculated;
  - (iii) the trustee of the Marital Trust may from time to time notify the Custodian of the Account in writing to accelerate payment of all or any part of the portion of such Account that remains to be distributed, and may also notify the Custodian to change the frequency of distributions (but not less often than annually); and
  - (iv) the trustee of the Marital Trust shall be responsible for characterizing the amounts so distributed from the Account as fiduciary accounting income or principal under the applicable state law.
- (j) Disclaimer.** The Custodian of the Account may accept a Beneficiary's disclaimer with respect to all or a portion of an interest in the Account provided that the disclaimant has not previously accepted any interest in the property to be disclaimed and the disclaimer:
- (i) is in a form acceptable to the Custodian;
  - (ii) identifies the Owner of the Account;
  - (iii) describes the interest (i.e., the Account) and the extent of the interest to be disclaimed;
  - (iv) declines, refuses or renounces the interest to be disclaimed; and
  - (v) satisfies applicable state and federal law.

The Custodian of this Account may accept a trust's disclaimer made by a trustee on behalf of (i) a trust that is the Beneficiary of this Account and (ii) the beneficiary(ies) of the trust (or made by a personal representative of an estate that is a Beneficiary of the Account), provided that a) the disclaimer satisfies the foregoing requirements and either b) the state law of the Owner's domicile or the instrument governing the trust or estate expressly gives the trustee or personal representative the right to disclaim an interest on behalf of the trust or estate and the beneficiary(ies) or c) the beneficiary(ies) affected by the disclaimer consent.

The Custodian shall not be responsible for determining the validity of the disclaimer under any state or federal law and may rely on the disclaimant's good faith written statement of the disclaimer's validity. The Custodian shall not be liable to the disclaimant or any other person or entity for acting or refusing to act in good faith reliance on such a disclaimer.

**(k) Power of Attorney.** If the Custodian of the Account is asked to follow the instructions of an attorney-in-fact designated under a power of attorney, the Custodian may, but shall not be required to, follow such instructions without regard to whether the power of attorney expressly authorizes the specific act, transaction, or decision by the attorney-in-fact; provided, however, the power of attorney may not be construed to grant authority to an attorney-in-fact to change the designation of

Beneficiaries to receive any property, benefit, or contract right on the Owner's death unless expressly authorized in the power of attorney.

When requested to follow the instructions of an attorney-in-fact, the Custodian, before incurring any duty to comply with the power of attorney, may require the attorney-in-fact to provide identification, specimens of the signatures of the Owner and the attorney-in-fact, and any other information reasonably necessary or appropriate to identify the Owner and the attorney-in-fact and to facilitate the actions of the Custodian in following instructions of the attorney-in-fact.

The Custodian, in its sole and absolute discretion, may petition any applicable court to resolve any issue pertaining to the power of attorney, including, but not limited to, the validity of the power of attorney or the authority to engage in the proposed acts requested by the attorney-in-fact. All expenses of such a judicial determination, including the Custodian's reasonable attorney fees, shall be charged to the Account as provided in Section 6 of this Agreement.

The Custodian shall not be responsible for determining the validity of the power of attorney under any state or federal law and may rely on the attorney-in-fact's good faith written statement of the validity of the power of attorney. The Custodian shall not be liable to the attorney-in-fact, Owner or any other person for acting or refusing to act in good faith reliance on the power of attorney.

**(l) Receipt of Instructions From Conservator or Guardian.** If the Custodian of the Account is asked to follow the instructions of a conservator or guardian of the estate of any incapacitated Owner (hereinafter such conservator or guardian is referred to as a "Personal Representative"), the Custodian may, but shall not be required to, follow such instructions; provided, however, the Custodian may not act upon the instructions of such Personal Representative to change the designation of Beneficiaries to receive any property, benefit, or contract right on the conservatee's or ward's death without court authorization.

When requested to follow the instructions of a Personal Representative, the Custodian, before incurring any duty to comply with such instructions, may require any information reasonably necessary or appropriate to identify the Personal Representative and to facilitate the actions of the Custodian in following such instructions.

The Custodian, in its sole and absolute discretion, may petition any applicable court to resolve any issue pertaining to the instructions of the Personal Representative, including, but not limited to, the authority to engage in the proposed acts requested by the Personal Representative. All expenses of such a judicial determination, including the Custodian's reasonable attorney's fees, shall be charged to the Account as provided in Section 6 of this Agreement.

The Custodian shall not be liable to any person for acting or refusing to act in good faith reliance on the instructions of the Personal Representative.

**(m) Payments Upon Death of Beneficiary.** If a Beneficiary is a natural person and is entitled to benefits under Owner's Account ("Original Beneficiary"), then upon the death of such Original Beneficiary, any remaining benefits shall be payable to one or more persons or



entities ("Subsequent Beneficiary") designated by the Owner to receive such benefits. If the Owner fails to designate a Subsequent Beneficiary, or to the extent that such designation does not make an effective disposition of all such remaining benefits in the Account, then such remaining benefits shall be payable to the Subsequent Beneficiary(ies) if so designated by the Original Beneficiary to receive such benefits, or, if none, to the Original Beneficiary's estate.

The Owner and the Original Beneficiary's designation of a Subsequent Beneficiary to receive such remaining benefits may be acted upon by the Custodian if:

- (i) The designation is executed prior to the death of the Owner or Original Beneficiary, as the case may be, by a written instrument in a form acceptable to the Custodian;
- (ii) The designation expressly refers to the remaining benefits in the Account; and
- (iii) The designation is delivered to the Custodian prior to the Original Beneficiary's death.

If such remaining benefits are thus payable to such a Subsequent Beneficiary, they shall be paid over a period that does not extend beyond the applicable distribution period for the distribution of the Owner's Account.

If a Beneficiary is a trust and is receiving benefits under the Owner's Account over the life expectancy of a trust beneficiary (or over the remaining life expectancy, if any, of the Owner or of any prior Beneficiary or prior trust beneficiary), then upon the death of such trust beneficiary prior to the complete distribution of such benefits to the trust, such remaining benefits shall be payable to the trust, or directly to the successor trust beneficiary or beneficiaries if so instructed in writing by the trustee, over a period that does not extend beyond the applicable distribution period for the distribution of the Owner's Account.

- (n) **Notice of Events.** Until the Custodian shall receive notice from some person interested in this Account, in a form acceptable to the Custodian, of any event upon which the right to receive any benefits from this Account has occurred, the Custodian shall incur no liability for any disbursements or distributions made or omitted to be made in good faith.

## Section 9 — Amendment and Termination

The Owner, by the establishment of this Account, delegates to the Custodian the power to make any retroactive or prospective modification of, or amendment to, this Agreement which is necessary to conform the Agreement to, or satisfy the conditions of, any law, governmental regulation or ruling, and any prospective amendment that is desirable for the administration of this Agreement, and by doing so shall be deemed to have consented to each such amendment or modification. Notwithstanding the preceding sentence, no amendment shall be made that would have the effect of allowing any part of the Account to be used for any purpose other than for the exclusive benefit of the Owner or Beneficiary nor shall any amendment increase or decrease the duties or liabilities of the Custodian without its consent. The Custodian has no affirmative obligation to amend the Agreement for any purpose.

This Agreement may, at the Custodian's option, terminate upon the transfer or complete distribution of the Account, or at the discretion of the Custodian at any time upon 30 days' prior written notice to the Owner.

## Section 10 — Resignation or Removal of the Custodian

The Custodian may resign at any time upon 30 days' prior written notice to the Owner, or the Beneficiary of a deceased Owner, and may be removed by the Owner or Beneficiary at any time upon 30 days' prior written notice to the Custodian. Upon such resignation or removal, the Owner or Beneficiary shall appoint a qualified successor to the Custodian, and at the request of the Owner or Beneficiary, the Custodian shall transfer and pay over to such successor the assets of the Account or the proceeds from the sale of such assets. The Custodian may, in its discretion, make an independent determination as to such successor's qualified status. The Custodian is authorized, however, to reserve such sum of money as it may deem advisable for payment of any liability constituting a charge against the assets of the Account or against the Custodian, with any balance remaining after the payment of all such items to be paid over to such successor.

If, within 30 days after the Custodian's resignation or removal a qualified successor has not been appointed, the Custodian shall distribute the assets in a lump sum to the Owner, or the Beneficiary of a deceased Owner.

## Section 11 — Miscellaneous

- (a) **Spendthrift Clause.** Neither the assets nor the benefits provided for hereunder shall be subject to alienation, anticipation, assignment, garnishment, attachment, execution or levy of any kind, and any attempt to cause such benefits to be so subjected shall not be recognized. The Owner shall have no right to assign, transfer or pledge any interest in the Account, and the Owner's interest in the Account shall not be subject to any claims of creditors.
- (b) **Transfer Incident to Divorce or Legal Separation.** Notwithstanding anything to the contrary in the Agreement, including Section 11(a) above, the Owner may direct the Custodian to transfer all or a portion of the Account into a Traditional IRA or Roth IRA, as applicable, of the Owner's spouse or former spouse incident to divorce or legal separation as provided in Code §408(d)(6) and incorporated by reference by Code §408A(a).
- (c) **Creditor Redemption.** Notwithstanding anything to the contrary in this Agreement, including Section 11(a), to the extent permitted by applicable federal law, the Custodian, upon receipt of an Internal Revenue Service levy against the Owner or Account ("Levy"), may redeem shares, with or without notice to the Owner or Beneficiary, of the Fund or Funds in the Account and forward the proceeds to satisfy such a Levy. The Custodian may redeem the shares on a pro rata basis in the Fund or Funds. Except as otherwise provided by applicable law, the Custodian shall not be liable for any action taken in good faith and in exercise of due care. In the event of any action undertaken by the

Custodian resulting from any order described herein, all court costs, legal expenses, reasonable compensation for the time expended by the Custodian and any other expenses and costs, including reasonable attorneys' fees, shall be collected by the Custodian from the Account(s) in accordance with Section 6 of this Agreement.

- (d) **Alternative Distribution to Minors.** In the event a distribution is payable to a minor, the Custodian may transfer the proceeds to a custodian selected by the Custodian under the applicable state's Uniform Gifts (Transfers) to Minors Act.
- (e) **Use of Electronic or Telephonic Media.** With the consent of the Custodian, the Owner, or the Beneficiary of a deceased Owner, may use electronic or telephonic media to satisfy the requirements for written consent or direction, to the extent permissible under regulations or other generally applicable guidance.
- (f) **Issuance of a Check.** Upon issuance of a check from the Account, no additional earnings will accrue to the Account with respect to the uncashed check. Earnings on uncashed checks may accrue to the Custodian at a money market rate of return. Such earnings will accrue from the date upon which a check is mailed, one business day after the redemption or sale is processed, until the date upon which the check is presented for payment.
- (g) **Governing Law/Resort to Judicial Determination.** This Agreement shall be governed by, construed in accordance with and administered under the laws of the State of California. Each party agrees that all actions or proceedings instituted by the Custodian, Owner, Beneficiary or any interested party arising under or growing out of this Agreement shall be brought in the state or federal courts of California. In the event of reasonable doubt respecting the proper course of action to be taken with respect to the Account, the Custodian may, in its sole and absolute discretion, resolve such doubt by judicial determination, which shall be binding on all parties who may claim any interest in the Account. A judicial determination may include, but not be limited to, the Custodian petitioning the appropriate court to remain as Custodian over the Account in order to preserve the Account's federal tax-deferred status pending the court's resolution of the Account. In the event of any such judicial determination, all court costs, legal expenses, reasonable compensation for the time expended by the Custodian and any other expenses and costs, including reasonable attorneys' fees, shall be collected by the Custodian from the Account(s) in accordance with Section 6 of this Agreement.
- (h) **Additional Information/Documentation.** The Custodian may, in the Custodian's sole and absolute discretion, require that the Owner, Beneficiary or any other person or entity provide the Custodian with additional information or documentation as the Custodian deems appropriate in order to satisfy the Custodian's duties under the Agreement.
- (i) **Binding on Successors.** This Agreement shall bind and enure to the benefit of the representatives, successors and assigns of the Owner and the Custodian.



**The following is a brief summary of some of the financial and tax consequences of establishing a Traditional IRA or Roth IRA.**

**The American Funds Traditional Individual Retirement Account ("Traditional IRA")/Roth Individual Retirement Account ("Roth IRA") Disclosure Statement**

If you did not receive this Disclosure Statement at least seven days before establishing your Traditional IRA and/or Roth IRA, you may revoke your IRA. Your Traditional IRA and/or Roth IRA is established and accepted on the date you execute the American Funds Traditional/Roth IRA Application. To revoke your Traditional IRA and/or Roth IRA, you must provide written notice of revocation within seven days after your Account is established. Written notice of revocation may be mailed to Capital Bank and Trust Company, P.O. Box 6007, Indianapolis, IN 46206-6007. The revocation will be considered given as of the postmark date. Upon revocation, the entire amount of your contribution will be returned to you without adjustment for administrative expenses or fluctuations in market value.

**I. Contributions to the Account**

**1. Limitation on Amount of Contributions**

**(a) Traditional IRAs.** Contributions to the Traditional IRA may be either "rollover" contributions or regular cash contributions. Rollover contributions, which may be of any amount, are contributions of eligible distributions from a §401(a) qualified retirement plan, §403(b) plan, §457(b) government plan, SIMPLE IRA after two years, or distributions from another Traditional IRA. Rollover amounts can include after-tax contributions made to the plans. To qualify for rollover treatment, you must make an appropriate election to treat the contribution as a rollover contribution. Money or property distributed to you must be rolled over within 60 days of your receipt. Eligible distributions from a §401(a) qualified retirement plan, §403(b) plan or §457(b) government plan may be directly rolled over to the Traditional IRA. Amounts, other than after-tax amounts, that had originally been rolled over into your Traditional IRA from an employer's retirement plan can again be rolled over into another employer's retirement plan that will accept such a rollover.

Contributions that are not rollovers must be made in cash and cannot exceed the maximum amount allowed under the Internal Revenue Code. All or a portion of your contributions to a Traditional IRA may be tax deductible. This amount varies depending on your modified adjusted gross income ("MAGI") for the year. You may contribute to a Traditional IRA even if the deduction for the contribution is reduced or eliminated as discussed in Section 2 of this Disclosure Statement if you designate the contribution as a nondeductible contribution on your income tax return. If contributions are being made to your Traditional IRA under your employer's SEP, the maximum annual contribution limit to your Traditional IRA is the lesser of \$55,000 for 2018 and \$56,000 for 2019, or 25% of your compensation, in addition to any personal IRA contributions (Traditional and/or Roth).

Personal contributions to a Traditional IRA are not allowed for the taxable year in which you reach age 70½ or for any year thereafter.

**(b) Roth IRAs.** Contributions to the Roth IRA may be "conversion," "rollover," or regular cash contributions. Conversion contributions, which may be of any amount, are contributions of distributions from a Traditional IRA, a SEP or a SIMPLE IRA. A MAGI limit does not apply to conversions. Prior to 2010, to make a conversion contribution, your MAGI could not exceed \$100,000 in the year of conversion, and if you were married, you had to file a joint return with your spouse. Rollover contributions, which may be of any amount, are contributions of distributions from another Roth IRA, §401(a) qualified retirement plan, §403(b) plan or §457(b) government plan. The MAGI limits specified under Section 3 do not apply to a Roth IRA established solely to receive Roth assets rolled over from a 401(k) or 403(b) plan. For both conversion contributions and rollover contributions, money or property distributed to you must be rolled over within 60 days of receipt.

Contributions, which are not conversions or rollovers, must be made in cash and cannot exceed the maximum amount allowed under the Internal Revenue Code. This amount varies depending on your MAGI for the year.

**(c) All IRAs.** Contributions, other than rollover or conversion contributions, to all of your Traditional and/or Roth IRAs together cannot exceed \$5,500 in 2018 and \$6,000 in 2019, or 100% of your compensation if you are younger than 50. If you are 50 or older before the close of the taxable year to which the contribution applies, the maximum amount is \$6,500 for 2018, and \$7,000 for 2019.

Beginning January 1, 2015, you can make only one rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs you own. The limit will apply by aggregating all of an individual's IRAs, including SEP and SIMPLE IRAs as well as Traditional and Roth IRAs, effectively treating them as one IRA for purposes of the limit. A rollover from a Traditional IRA (including SEP & SIMPLE IRAs) to a Roth IRA is not subject to the one rollover per year limitation. The one rollover per year limitation also does not apply to a rollover to or from a qualified plan (and such a rollover is disregarded in applying the one rollover per year limitation to other rollovers), nor does it apply to trustee-to-trustee transfers. For more information refer to IRS Announcements 2014-15 and 2014-32.

**(d) Recontribution of a Qualified Hurricane Distribution.** If you received a qualified hurricane distribution from an eligible retirement plan, you may repay (in one or more contributions) the amount of the distribution to your IRA except for the following distributions: (a) payments received as a beneficiary (other than a spouse); (b) periodic payments for a period of 10 years or more, for your life or life expectancy, or for the joint lives or life expectancies of you and your beneficiary (other than from an IRA); and (c) required minimum distributions. You have three years from the date you received your distribution to make your repayment. Your repayment is treated as a rollover.

**(e) Inherited IRAs.** An inherited IRA is an IRA that has been established to receive the

distribution on behalf of a beneficiary who is not the Account Owner's or plan participant's surviving spouse. Additional contributions or rollovers are not permitted to be made into an inherited IRA.

**2. Deductibility of Contributions to Traditional IRAs**

Cash contributions are deductible from gross income (except as explained in the following paragraph), whether or not you itemize your deductions, and must be claimed on Form 1040 or Form 1040A. The maximum amount deductible under a Traditional IRA is the lesser of \$5,500 for 2018 (\$6,500 if 50 or older) and \$6,000 for 2019 (\$7,000 if 50 or older), or 100% of compensation. This amount is increased to \$11,000 for 2018 (\$13,000 if both you and your spouse are 50 or older) and \$12,000 for 2019 (\$14,000 if both you and your spouse are 50 or older), or 100% of compensation if contributions are made to your Traditional IRA and the Traditional IRA of your spouse, but you must file a joint return. The maximum amount deductible is reduced by amounts contributed to a Roth IRA other than conversion contributions.

For taxable years 2018 and 2019, if you are an active participant in a qualified retirement plan, a §403(a) or §403(b) plan, a SEP, a SIMPLE IRA or certain government plans, your contribution is not fully deductible if you are single with MAGI exceeding \$63,000 for 2018 and \$64,000 for 2019 or married filing jointly with MAGI exceeding \$101,000 for 2018 and \$103,000 for 2019. If you have income above these levels, the deductible amount is reduced at the rate of \$500 for each \$1,000 of income if single (\$2,000 of income if married), so that no deduction is allowed if you are single with MAGI exceeding \$73,000 for 2018 and \$74,000 for 2019 or married filing jointly with MAGI exceeding \$121,000 for 2018 and \$123,000 for 2019. If this calculation results in a deductible amount of more than zero but less than \$200, you will still be permitted to deduct \$200.

A married individual who is not participating in an employer-sponsored retirement plan, but whose spouse is participating in one, will be able to make deductible IRA contributions. The deductibility of such contributions will be phased out for couples with MAGI between \$189,000 and \$199,000 for 2018 and \$193,000 and \$203,000 for 2019.

Rollover contributions, if properly made, are not included in your gross income and, therefore, are not deductible.

**3. Eligibility to Make Roth Contributions**

The maximum amount that can be contributed to a Roth IRA is the lesser of \$5,500 for 2018 (\$6,500 if 50 or older), and \$6,000 for 2019 (\$7,000 if 50 or older), or 100% of compensation. This amount is increased to \$11,000 for 2018 (\$13,000 if both are 50 or older), and \$12,000 for 2019 (\$14,000 if both are 50 or older), or 100% of compensation if contributions are made to your Roth IRA and the Roth IRA of your spouse, but you must file a joint return. The maximum amount is reduced by amounts contributed to a Traditional IRA other than rollover contributions.



If you are single with MAGI that does not exceed \$120,000 for 2018 and \$122,000 for 2019, or married filing jointly with MAGI that does not exceed \$189,000 for 2018 and \$193,000 for 2019, you are eligible to make a full \$5,500 contribution for 2018 and a \$6,000 contribution for 2019. If you have income above these levels, the amount you may contribute to a Roth IRA is reduced on a pro rata basis, so that no contribution is allowed if you are single with MAGI exceeding \$135,000 for 2018 and \$137,000 for 2019, or married filing jointly with MAGI exceeding \$199,000 for 2018 and \$203,000 for 2019. If you are married, filing separately, the phase-out range is from \$0 to \$10,000 of MAGI. If this calculation results in a contribution amount of more than zero but less than \$200, you will still be permitted to contribute \$200.

#### 4. Excess Contributions

**(a) Traditional IRAs.** An excess contribution is generally the amount contributed to your Traditional and/or Roth IRAs that is more than (a) your taxable compensation for the year or (b) \$5,500 for 2018 (\$6,500 if 50 or older), and \$6,000 for 2019 (\$7,000 if 50 or older), whichever is smaller. Contributions for the year you reach age 70½ and any year after that are also excess contributions. Such excess contributions will be subject to an annual 6% excise tax. However, this tax can be avoided if you withdraw your excess contributions plus any earnings on the excess on or before the due date, including extensions, for your federal tax return for the year in which the excess contribution is made. The earnings that are withdrawn must be included in your income for the year the excess contributions were made and may also be subject to a 10% premature distribution penalty if you are under age 59½.

**(b) Roth IRAs — Contributions.** If your contributions for any taxable year are greater than the maximum amount permitted based on your MAGI, the excess amount will be subject to an annual 6% excise tax. However, this tax can be avoided if you either withdraw or transfer to a Traditional IRA the amount of the excess contribution plus any earnings on the excess on or before the due date, including extensions, for your federal tax return for the year in which the excess contribution was made. The earnings that are withdrawn must be included in your income for the year the excess contributions were made and may also be subject to a 10% premature distribution penalty if you are under 59½.

#### 5. Reclassification of Contributions

Prior to your tax-filing deadline, including extensions, you may instruct the Custodian to reclassify a contribution made to a Traditional IRA as a contribution made to a Roth IRA, and a contribution made to a Roth IRA as a contribution made to a Traditional IRA. You may also instruct the Custodian to reclassify a conversion contribution prior to your tax-filing deadline, including extensions. A subsequent reconversion following reclassification may not occur earlier than (a) the first day of the calendar year following the calendar year of reclassification, or (b) the end of the 30-day period beginning on the date of reclassification, whichever is later.

#### 6. Investment of Contributions

Under the terms of the Custodial Agreement, your contributions will be invested by the Custodian, Capital Bank and Trust Company, or any successor, in accordance with your written instructions or the written instructions of your employer on your behalf if you are a participant in a payroll deduction plan with:

##### **(a) no investment instructions and contribution more than \$10,000:**

If no fund is designated and the amount of the contribution, regular or rollover, is over \$10,000, such contribution will be held uninvested (without liability to the Custodian for loss of income or appreciation pending receipt of proper instructions) until investment instructions are received, but for no more than three (3) business days. If investment instructions are not received, the contribution will be invested in American Funds U.S. Government Money Market Fund<sup>SM</sup> on the third business day after receipt of the contribution.

##### **(b) no investment instructions and contribution \$10,000 or less:**

If no fund is designated and the amount of the contribution, regular or rollover, is \$10,000 or less, the amount of the contribution will be invested in the same proportion and in the same Fund or Funds in which the last contribution, regular or rollover, was invested, provided such contribution was made within the last sixteen (16) months. If no contribution was made within the last sixteen (16) months, the contribution received without investment instructions will be held uninvested (without liability to the Custodian for loss of income or appreciation pending receipt of proper instructions) until investment instructions are received, but for no more than three (3) business days. If investment instructions are not received, the contribution will be invested in American Funds U.S. Government Money Market Fund on the third business day after receipt of the contribution.

**(c) SEP/SARSEP contributions with no investment instructions.** If your contribution is to a SEP or SARSEP and you fail to provide investment instructions, your SEP or SARSEP contribution will be invested based on the investment instructions provided by your employer. If you designate one or more of the American Funds but there is no share class indicated, the default will be A shares. No part of your Traditional and/or Roth IRA will be invested in life insurance contracts.

**(d) Other investment information.** Any dividends or refund of premiums received from any annuity contract held in your Traditional IRA will be applied in the next year toward the payment of future annuity premiums or to purchase additional benefits.

The Custodial Agreement provides that your entire interest in the assets held in your Traditional and/or Roth IRA is nonforfeitable at all times and that such assets will not be commingled with other property.

## II. Distributions From the Account

### 1. Taxation of Distributions

**(a) Traditional IRAs.** Distributions from your Traditional IRA are taxed as ordinary income except for the portion that equals all nondeductible contributions divided by the total withdrawals during the year plus the balance in all your Traditional IRAs at the end of the year plus any outstanding rollovers (amounts distributed from a Traditional IRA within 60 days of the end of the year, which are rolled over in the following year during the 60-day rollover period). Premature distributions may be subject to a 10% penalty.

**(b) Roth IRAs.** Distributions from your Roth IRA that are "qualified distributions" are not taxable. Qualified distributions are distributions made from your Roth IRA more than five years after you establish your first Roth IRA if made after you reach age 59½ or your death or disability, or if used for certain expenses to purchase a first-time home.

Distributions that are not qualified distributions will be excludable from your income to the extent the amount of the distribution does not exceed the aggregate amount you contributed to your Roth IRA. Conversion amounts that you included in income may be subject to a 10% premature distribution penalty if removed from your Roth IRA within five years after making the conversion contribution to your Roth IRA. Any distributions treated as taxable income to you may be subject to a 10% premature distribution penalty.

### 2. Penalty Tax on Premature Distributions

Any distribution (or in the case of a Roth conversion contribution, any distribution within five years of a conversion, to the extent such amount was included or includable in income) made before you reach age 59½ will be subject to a penalty of 10% of the taxable amount of the distribution, except for distributions made

**(a) in the case of death or disability**

**(b) for the return of nondeductible or excess contributions from your Traditional IRA**

**(c) for the return of excess contributions from your Roth IRA**

**(d) as payments for certain catastrophic medical expenses**

**(e) as payments made after an extended period of unemployment to cover health insurance premiums**

**(f) as payments for certain expenses incurred to purchase a first-time home up to a lifetime maximum of \$10,000**

**(g) as payments for post-secondary education costs of your immediate family members and grandchildren or**

**(h) as payments made in substantially equal installments which may be based on, but not limited to, the following methods: life expectancy, amortization (using a rate between 80% and 120% of the long-term applicable federal rate) or annuitization (using an acceptable mortality table including, but not limited to, UP'84, '83 IAM, or Annuity 2000)**



(i) as payment in satisfaction of a levy under Code §6331 after December 31, 1999

(j) as payments taken due to certain catastrophic events in federally declared disaster areas.

**3. Required Distributions From Traditional IRAs**

To begin receiving required distributions from your IRA, you must notify the Custodian in a form acceptable to the Custodian. Generally, a minimum distribution must be taken on account of each of your IRAs once you reach 70½. You must take your first distribution beginning April 1 (your "Required Beginning Date") of the calendar year following the year in which you reach age 70½. Your distributions can be taken over a period calculated on your life expectancy and that of a beneficiary assumed to be 10 years younger than you (the factors can be found in the IRS Uniform Lifetime table). If your sole Beneficiary is your spouse who is more than 10 years younger than you, you may use your spouse's actual age (the factors can be found in the IRS Joint Life and Last Survivor Expectancy table) to determine the payout period. If you have more than one IRA, other than a Roth IRA, a minimum must be separately determined for each, but the total distribution can be taken from any one or more IRAs.

**4. Charitable Contributions From Traditional IRAs**

If you are 70½ or older, you may satisfy all or a portion of your minimum distribution requirement by making tax-free distributions of up to \$100,000 per year directly from your Traditional IRA to certain charitable organizations.

**5. Penalty Tax for Insufficient Distributions From Traditional IRAs**

If you take less than the required minimum distribution after you reach your Required Beginning Date, a 50% penalty tax on the difference between the amount required to be distributed and the amount actually distributed in that year will be assessed. The Internal Revenue Service can waive the 50% penalty tax if the insufficient distribution was due to reasonable error and steps are taken to correct the underdistribution.

**6. Required Distributions From Roth IRAs**

No distributions are required to be made from your Roth IRA prior to your death.

**7. Distributions Upon Your Death**

Your Beneficiaries may request distribution under the appropriate method or methods described below by filing a written claim with the Custodian.

**(a) Traditional IRAs.** If you die after the Required Beginning Date, but before your entire interest is distributed, the remaining portion of your Account may be distributed on the life expectancy of your Beneficiary.

**(b) All IRAs.** If you die before the Required Beginning Date of your Traditional IRA, or at any time if your IRA is a Roth IRA, the balance in your Account must be paid out as follows:

- (i) benefits may be paid out over the life expectancy of a nonspouse Designated Beneficiary, provided such benefits begin no later than December 31 of the year following the year of death or
- (ii) benefits may be distributed to your surviving spouse over the life expectancy of the spouse, provided that the distributions start no later than December 31 of the year in which you would have reached age 70½ and your surviving spouse is the sole Beneficiary of the Account
- (iii) your spouse, as sole Beneficiary, may treat the Traditional and/or Roth IRA as his or her own by making a contribution or by notifying the Custodian or
- (iv) the entire balance must be distributed by December 31 of the year containing the fifth anniversary of your death.

**8. Issuance of a Check**

Upon Issuance of a check from the Account, no additional earnings will accrue to the Account with respect to the uncashed check. Earnings on uncashed checks may accrue to the Custodian at a money market rate of return. Such earnings will accrue from the date upon which a check is mailed, one business day after the redemption or sale is processed, until the date upon which the check is presented for payment.

**9. Estate and Gift Taxes**

Upon your death, the value of your Traditional and/or Roth IRA is subject to federal estate taxes under §2039(a) of the Internal Revenue Code unless the Account is left to a surviving spouse in a form that qualifies for the marital deduction.

For gift-tax purposes, beneficiary designations will not be treated as gifts if they are revocable. In addition, contributions to a Traditional and/or Roth IRA for a nonemployed spouse will qualify for the annual exclusion as a present-interest gift.

**III. Tax Status of Custodial Account**

**1. Tax-Exempt Status**

Generally, any contributions and earnings thereon held in your Traditional IRA are exempt from federal income tax and will only be taxed when distributed to you, unless the tax-exempt status of the Traditional IRA is revoked. Generally, any earnings in your Roth IRA are exempt from federal income tax and will only be taxed when distributed to you in a nonqualified distribution, unless the tax-exempt status of the Roth IRA is revoked. The Custodian of your Traditional and/or Roth IRA has received a letter from the IRS approving the form of the Traditional and/or Roth IRA. Such approval is a determination as to the IRA terms only and is not a determination of the merits of the Traditional and/or Roth IRA as an investment.

**2. Loss of Exemption**

The tax-exempt status of the Traditional and/or Roth IRA will be revoked as of the beginning of the year in which you engage in any of the prohibited transactions listed in §4975(c) of the Internal Revenue Code, such as borrowing money from your IRA, selling property to your IRA or exchanging property with your IRA. Generally, the fair market value of your Traditional IRA (excluding any nondeductible contributions) will be includable in your taxable income in the year in which such prohibited transaction takes place and may also be subject to a 10% premature distribution penalty. In the case of a Roth IRA, to the extent the fair market value of your Roth IRA exceeds aggregate contributions made to your Roth IRA, such value will be includable in your taxable income in the year in which such prohibited transaction takes place and may also be subject to a 10% premature distribution penalty.

In addition, the Traditional and/or Roth IRA will lose its tax-exempt status if you use all or part of your interest in the IRA as security for a loan. Any portion of the IRA used as security for a loan will be treated as a distribution in the year in which such use occurs. If you are under age 59½, the amount of the loan may also be subject to a 10% tax penalty as a premature distribution.

**IV. Additional Tax Information**

For years in which excess contributions have been made to your Traditional and/or Roth IRA, or you received from your Account premature distributions or underdistributions from your Traditional IRA after reaching age 70½, you are required to file with the IRS Form 5329, *Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts*, along with your individual tax return for that year.

For years in which nondeductible contributions were made to your Traditional IRA, Form 8606, *Nondeductible IRAs*, must be filed with your tax return. Form 8606 will also be used to keep track of your Roth IRA contributions and/or conversions.

Further information about your Traditional and/or Roth IRA can be obtained from any district office of the IRS or at [www.irs.gov](http://www.irs.gov). Consult Publication 590-A for information on IRA contributions, and/or Publication 590-B on IRA distributions.

**V. Financial Information**

To calculate earnings on the Account, reinvested dividends and capital gain distributions are purchased at net asset value ("NAV") on the reinvestment date. The number of shares in the Account at the end of the period is multiplied by the NAV per share at the end of the period to determine the ending value. The difference between the ending value and the initial investment equals the earnings for the period.

If \$1,000 is invested in any fund other than American Funds U.S. Government Money Market Fund and a reduced sales charge is not available, the highest sales charge would be \$67.50, or 5.75% of the contribution. See the prospectus of each fund for further details. If \$1,000 is invested in the money market fund, no sales charge would be imposed. In addition, there is a fee for establishing the Account as well as an annual Custodial fee. The future growth results of your investment in mutual fund shares cannot be guaranteed or projected.